HSBC

The Hexagon Briefing: A Global Perspective from HSBC

Episode 2: Your Guide to Sustainable Investing

April 12, 2021

Please refer to important disclosure at the end of this document.

Jose Rasco: Thank you for joining us today. Before we begin I need you to be aware that the products and services we are about to discuss; are not bank products, are not FDIC insured or insured by any other federal or government agency, are not guaranteed by the bank or any of its affiliates, and may lose value.

Welcome to The Hexagon Briefing: A Global Perspective from HSBC. I'm your host, Jose Rasco. Thanks for joining me.

From global bank HSBC comes your intimate guide to the world's marketplaces. I'll be offering our views on the topics that matter in money today, particularly given that it's an increasingly interconnected and volatile marketplace. Now, the reason it's called The Hexagon Briefing is because our logo, which looks like a bow tie, some people would say is a hexagon. So, glad to have you with us and welcome to the show.

Here's a little about me. I've spent the past 10 years at HSBC as a managing director and CIO of the private bank and wealth management, what I try to do is I try to look, not at where the economy and the markets are today, or explaining where they've been.

But we try to look at what some of the parameters are for the economy and financial markets and where they're going. How can we put your money to work, so that your money is working harder than you are to understand the market and you have to keep up with so much shifting information. And that's why we're here. So I'm trying to help distill what's out there into something that anybody can understand. We don't need you to turn into an investment professional. That's our job.

So we're going to sit here and explain what the trends are and where the risks are. That's the important piece: is to put it in context with you and your life, and where you are in terms of your investment time horizon. Now, what are you going to get out of this podcast?

Hopefully you're going to get a feel for what's going on with the economy in the markets and where are the major trends and the major opportunities that are coming up?

Over the course of my career, what I've encountered a lot is that clients, and sometimes markets, don't understand the dynamics between the business cycle and some of these long term trends that are more what we call secular in nature. So these are things that are going to take multiple years to play out. And right now, we are at sort of a crossroads where we're actually seeing the beginning of a business cycle is only our third quarter of growth in

the first quarter. And we're also at the beginning of a long term trend. And I would say we're at the beginning of two long term trends. Long term trend number one is this technology revolution that's beginning with 5G and all the ancillary technologies that are going to come out of it. How is that going to play out in the financial markets?

And number two is the environmental world where we are going to see massive shifts in how we produce, consume and distribute energy. And I think we are just at the beginning of those two major secular themes. At the same time as we're beginning a new business cycle, the economic and financial information flows that are out there are daunting. It is nonstop. Twenty four, seven. And let's be honest, at times it can be intimidating. It's our job to parse through the data, to parse through what's going on and to give you a concise and simplified response as to what's going on and how we can benefit from it. And what the pitfalls are to avoid, more importantly. So we hope you get out of this podcast simplified and concise information that you can use to improve your investment portfolio, and great cocktail party information that you can use to hopefully sound smarter to all your friends. We'll give you some good talking points. And more importantly, hopefully we'll give you some good ideas in terms of the investment horizon that's out there.

So one of the questions a lot of clients have asked is, is, yeah, look, I'm interested in being more sustainable. I want to leave a legacy for my kids. A lot of families today have been fortunate enough that they are actually building their own family office or their own multifamily office. Right. And so a lot of these families say sustainability makes sense to me because I want my money to sustain itself, the wealth we've created to sustain itself for multiple generations. So sustainability inherently makes sense to me as a family office person and someone who already has wealth and wants to pass it on.

Now, what is Sustainable investing? Because it's a term that's being thrown around a lot. Let's define it.

Sustainable investing is investing your money in a public or private market into a company or into a concept or into a product that is going to give you a financial return. We're not looking to lose money here. We're looking to make money. Right. So our goal is to help you take your money and grow your money. I don't think it's coming. I know it's here. It's here and it's approaching and it's going to affect portfolio performance in the next couple of years beginning this year. So if you're not understanding it, you need to understand it.

Right. Number two? Yeah, it is a personal thing that I'm very focused on because like I mentioned, I'm an economist. I'm very focused on working within the ecosystem of the economy and the broader planet. But in addition, this is something I've been doing for a long time and been doing it for for about, oh my God, about twenty five years. I used to write about bio something called bio-nomics twenty five years ago when I was working at another place, and then about 15 years ago, my employer at the time asked me to look at socially responsible investing, which I didn't think made a lot of sense for individual investors because number 1 you want to have a strategy and you want to drive that strategy based on your value set. And it has to be positively constructed. In other words, it's not I just want to have the whole world, but just take out companies that promote tobacco.

For example, you want to focus on a strategy that defines who you are and how you want your money to be deployed. Number two is you want to make money, so it's got to be profitable. So I'm very familiar with the topic. Been doing it for a very long time and something that's near and dear to my heart. But most importantly, I need to drive the point home. It is not that you're giving up your money or your guaranteeing below market returns. Not at all.

We feel that this is going to go forward. It has been outperforming the market in many ways over the last couple of years. And as we go forward, especially with the concept of activist investing or activist alpha, you will see that a lot of groups will be driving their investment dollars into parts of the market that they feel are driving.

Their needs and their desires, and that will help move these markets, so especially in the social area, whether it's the LGBT community, the empowerment of women, Shari'ah investing, all these different groups are not just buying products from companies for different social reasons, but they are also, let's call it affinity marketing. They're also buying stocks that are related to that social cause. So if you have two companies that are basically the same in their valuation, but one of them supports my cause and the other doesn’t, I'm going to buy that company as opposed to the other, that is that activist Alpha. And I think you're already beginning to see that you need to be in tune and in sync with what's going on in the world of sustainability and impact investing and all these things to make sure that your portfolios stay in tune with the market or get superior returns. Now, how do I get involved? What do I do?

The first thing I think you need to do is sit down and ask yourself, who am I? And yes, we want your money to work harder than you, but where do you want it to be deployed? What's your value set? What are the things you're passionate about and where do you see the greatest need where there isn‘t adequate funding? Right. And so you will find in both public and private markets that there are numerous and I think this is going to grow exponentially over the next couple of years. Numerous implementation vehicles in both public and private markets where you can invest your money to advance the social, economic, environmental causes that you feel make sense. It doesn't have to be philanthropy. There's nothing wrong with philanthropy, but you can invest for profit in for profit companies that are making the world a better place.

So for me, sustainable investing is an area of interest because if you look at me and my roots. I'm an economist and economists like to get the most productivity out of a finite and replenished world. You don't have to constantly go looking for more. So if you look at an economy that works within the ecosystem of the global ahh global economy, it's sort of sustainable investing at its core.

And, you know, about 15 years ago, I was asked where the company I was working at at the time to look at the concept of SRI socially responsible investing, which for me didn't make a lot of sense because investing in things that we knew were losing money. Well, that's not investing. That's philanthropy. That's a different department that's down the hall. If you want to invest sustainably, you have to invest in companies that are making money that are turning a profit. Right. And we've seen a lot of examples of this, especially in the last 10 years. So if you're a believer in certain causes or if

PUBLIC

you have a certain set of values and you want to invest based on those values, sustainable investing gives you a very good framework from which to invest. Now, the data set underneath it is what they call the ESG framework, which is which is environmental, social and corporate governance. So environmental obviously moving to a more sustainable model where we're creating and distributing that energy sustainably. So in other words, I can create energy from my rooftop with solar panels and whatever excess energy I have, I can sell it back to the grid and I can make money. That's the focus of environmental right. So we don't have to keep drilling in the ground, that we can have more of a renewable architecture for creation of energy on the system.

So that's the concept of sustainability and what it means. But do not get confused with the fact that this is not about losing money, it's about making money, but empowering companies that make the world a better place at the same time.

So for me, investing in companies that make money and are sustainable are not mutually exclusive. And it's an area where I think in the US in particular, we're going to see a real profitability gain. So number one is definewhat you want to do, how you want to do it, what your time frame is, and then try to work with the investment advisors you have.

And hopefully we're lucky enough to have access to you here at HSBC. Talk to us, talk to the relationship managers, the investment counselors at putting your money to work or deploying your capital in a way that's going to result in what you want. Not just returns, but where you want the money to be deployed. Now, are there risks? Is this a riskless investment? No, there is no such thing as a riskless investment in this world. Right. Even US Treasuries are based on the full faith and credit of the US government. But remember, it says on the currency, in God we trust. So nothing is completely riskless in life. We all know that now. What are some of the risks? Some of the risks are clearly like any other company. You can have issues around profitability and whether they underperform or outperform the market. Those things are very common in any investment. But one of the biggest risks in sustainability is that you invest in early stages in technologies that never really make it to market, but that's not really a sustainability issue, that's an early stage investing issue.

If you're investing in public markets, the quote unquote risk is I'm investing in companies that say they're doing a lot of work for environment, the environment or for social causes. And then I find out that they're not. All right. So that's a matter of you and your investment advisers making sure that you're making the right decisions and you're doing the research before you deploy the capital.

So to me, that's the biggest risk in this, is that you invest your money in companies that aren't necessarily doing exactly what you thought they were doing. So but that's just a matter of due diligence and homework and make sure the professionals working for you do it with you and for you. So another question that I get asked a lot is the minimum wage.

Biden has talked about trying to move the national minimum wage to 15 dollars. And what we hear is it's going to be inflationary. It's going to kill corporate profits. The average restaurant will have to close. So, yes, it's going to increase costs, but what happens when you increase costs?

Look at what's going on in the American shopping mall today. If you look at the mall in my neighborhood, the mall in my neighborhood is not huge. But it had, I think, five sneaker stores at one point where people you had a bunch of young people working who really didn't want to be there and they were just barely working. They would get you the shoes, but they were making minimum wage. A lot of those sneaker stores have been replaced by MRI centers and other higher value added places. So what we're seeing is that the American Shopping Mall is being reimagined and being reconfigured. And to paraphrase Mark Twain, the death of the American shopping mall has been greatly exaggerated. We're in a beginning of the very beginning of a mark to market on the American shopping mall. And what I'm seeing and a lot of them is. Whether it's logistics companies or distribution companies or medical clinics are coming in that are paying more than the eight bucks an hour, and they're but they're also making more money because it's a value added service and not just handing you a sneaker, which I can do online. So that's one problem with that story.

The other problem with the story is, is if you look at history, American history, Henry Ford, who was actually one of the people who pushed for a minimum wage. Right, was the gentleman who said when they asked Henry Ford, how much do we pay our workers, he said, pay them enough so they can afford to buy my car because he knew full well that without an adequate wage or a livable wage, that it would not be enough to expand the car market to become a national market. It was just going to be in certain pockets where people who had a lot of money were living. So he wanted it to be a national phenomenon and take over the planet. And guess what? He was right. If you pay people more money, they can afford to buy the cars. The market expands. And I think the same is true with a lot of these other things. If you look, for example, at the gender gap today, women make about 80 cents on the dollar relative to men with commensurate experience. So clearly that has to be rectified. And there have been estimates that range from about three to six trillion. If we rectify if we normalize that gender gap, if we close that gender gap, you will see that the economy in this country in a period of time, not immediately, but over a period of time, would add about three to six trillion in nominal GDP growth. That is the proverbial tide that lifts all boats. So if you just pay women what they're really worth and not less. Guess what, there's more money flowing and they're going to move the economy more rapidly than it's moving today, what they call the velocity of money with a changing of hands between that dollar bill from one person to another will increase and be in speed, which improves GDP. So the thought that a higher minimum wage is a bad thing? Yes, it has its costs. there's no free lunch, but it has more benefits than costs. That's part of the thought in the world of sustainability, especially on the social side.

I get all kinds of questions from investors and sometimes I'm surprised at what the conventional wisdom out there is. So let's address some myths out there. This is our Myth of the week. Myth number one, I shouldn't buy stocks.

And obviously you do take more risk when you buy individual stocks. But we have many clients who will buy individual stocks

But that has to be done with the use of of investment professionals who are seasoned and know what they're doing. Another myth that's out there is the myth of the ETF. Right. And that I should only buy ETFs because they're

PUBLIC

passive vehicles and they're going to outperform the market anyway and they're cheap to buy. So, yes, they are cheap and yes, they are passive. And here's the problem with that as we go forward, they worked in the past very well. They may not work as well in the future. Why? Because we're entering into a multi-year cycle of technology creation, diffusion and adoption. Right. And so we're creating all these new technologies. And the key to investing in the next business cycles is going to be in this next business cycle is going to be which companies use those technologies the best, not just who creates the technologies which companies in health care and education and finance in luxury cruise liners use technology the best to make themselves productive and profitable? That is not going to be found in an ETF. So you need someone who is going to be actively managing your money. And therefore we think active management, especially in this business cycle, is going to come back into vogue.

One of the big issues that has taken place in the past in the world of of passive management, ETFs and things like that and other products like it, is that many people feel that when they buy a particular ETF, they're buying a particular company. It may be a particular brand or logo that they're comfortable with or they think is going to do very well in a particular sector like technology or other things like health care, things like it. So you think you're buying a health care ETF or a tech ETF and you're really focus on one or two big companies. But what you don't realize is there are eight to 10 to 20 other companies in that ETF that if something goes really poorly for one of those companies, it can actually, depending on the weighting in that index, it can really adversely affect your investment. And you didn't buy it for that reason. So many times when you buy some of these ETFs while they are cheaper and they are easier to manage because they're passive and they've done well in the past, as we see increased volatility, especially around certain key stocks in certain key sectors, you will see that that will adversely affect the ETFs performance because those stocks are weighing down that ETF and we've seen this happen in the past couple of months and years. So it's something to keep an eye on when it comes to passive investing.

ETFs and mutual funds are sold by prospectus. Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges and expenses before investing. A prospectus can be obtained by contacting your HSBC Financial Consultant. Please read the prospectus carefully before investing.

Thank you for listening to the Hexagon Briefing, A Global Perspective from HSBC. I'm your host Jose Rasco.

HSBC Bank USA, N.A. and/or its affiliates (HSBC) offers these audio podcasts and the opinions expressed therein are for educational purposes only and they should not be considered professional or investment advice. For a comprehensive review of your personal finances, always consult with a tax or legal advisor. Neither HSBC, nor any of its representatives may give legal or tax advice. Use of the presentation materials, including audio recording of a presentation, is strictly prohibited.

HSBC refers to HSBC Bank USA, N.A., HSBC Securities (USA) Inc., and HSBC Insurance Agency (USA) Inc.

HSBC Bank USA, N.A. provides banking products and services. HSBC Private Banking is the marketing name for the private banking business conducted

by the principal private banking subsidiaries of the HSBC Group worldwide. In the United States, HSBC Private Banking offers banking services through HSBC Bank USA, N.A. HSBC Securities (USA) Inc. provides investment products and services and is an affiliate of HSBC Bank USA, N.A. HSBC Insurance Agency (USA) Inc. provides insurance products and services and is a wholly owned subsidiary of HSBC Bank USA, N.A..

Risk Disclosures

Risks of investment in fixed income
There are several key issues that one should consider before making an investment into fixed income. The risk specific to this type of investment may include, but are not limited to:

Credit risk
Investor is subject to the credit risk of the issuer. Investor is also subject to the credit risk of the government and/or the appointed trustee for debts that are guaranteed by the government.

Risks associated with high yield fixed income instruments
High yield fixed income instruments are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default. The net asset value of a high-yield bond fund may decline or be negatively affected if there is a default of any of the high yield bonds that it invests in or if interest rates change. The special features and risks of high-yield bond funds may also include the following:

- Capital growth risk - some high-yield bond funds may have fees and/ or dividends paid out of capital. As a result, the capital that the fund has available for investment in the future and capital growth may be reduced; and
- Dividend distributions - some high-yield bond funds may not distribute dividends, but instead reinvest the dividends into the fund or alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/ or capital of the fund. Also, a high distribution yield does not imply a positive or high return on the total investment.
- Vulnerability to economic cycles - during economic downturns such instruments may typically fall more in value than investment grade bonds as (i) investors become more risk averse and (ii) default risk rises.

Risks associated with subordinated debentures, perpetual debentures, and contingent convertible or bail-in debentures

- Subordinated debentures - subordinated debentures will bear higher risks than holders of senior debentures of the issuer due to a lower priority of claim in the event of the issuer's liquidation.
- Perpetual debentures - perpetual debentures often are callable, do not have maturity dates and are subordinated. Investors may incur reinvestment and subordination risks. Investors may lose all their invested principal in certain circumstances. Interest payments may be variable, deferred or canceled. Investors may face uncertainties over when and how much they can receive such payments.
- Contingent convertible or bail-in debentures - Contingent convertible and bail-in debentures are hybrid debt-equity instruments that may be written off or converted to common stock on the occurrence of a trigger event. Contingent convertible debentures refer to debentures that contain a clause requiring them to be written off or converted to common stock on the occurrence of a trigger event. These debentures generally absorb losses while the issuer remains a going concern (i.e. in advance of the point of non-viability). "Bail-in" generally refers to (a) contractual mechanisms (i.e. contractual bail-in) under which debentures contain a clause requiring them to be written off or converted to common stock on the occurrence of a trigger event, or (b) statutory mechanisms (i.e. statutory bail-in) whereby a national resolution authority writes down or converts debentures under specified conditions to common stock. Bail-in debentures generally absorb losses at the point of non-viability. These features can introduce notable risks to investors who may lose all their invested principal.

Changes in legislation and/or regulation
Changes in legislation and/or regulation could affect the performance, prices and mark-to-market valuation on the investment.

Nationalization risk
The uncertainty as to the coupons and principal will be paid on schedule and/or that the risk on the ranking of the bond seniority would be compromised following nationalization.

Reinvestment risk
A decline in interest rate would affect investors as coupons received and any return of principal may be reinvested at a lower rate. Changes in interest rate, volatility, credit spread, rating agencies actions, liquidity and market conditions may significantly affect the prices and mark-to-market valuation.

Risk disclosure on Dim Sum Bonds
Although sovereign bonds may be guaranteed by the China Central Government, investors should note that unless otherwise specified, other renminbi bonds will not be guaranteed by the China Central Government.
Renminbi bonds are settled in renminbi, changes in exchange rates may have an adverse effect on the value of that investment. You may not get back the same amount of Hong Kong Dollars upon maturity of the bond.
There may not be active secondary market available even if a renminbi bond is listed. Therefore, you need to face a certain degree of liquidity risk. Renminbi is subject to foreign exchange control. Renminbi is not freely convertible in Hong Kong. Should the China Central Government tighten the control, the liquidity of renminbi or even renminbi bonds in Hong Kong will be affected and you may be exposed to higher liquidity risks. Investors should be prepared that you may need to hold a renminbi bond until maturity.

Alternative Investments
Investors in Hedge Funds and Private Equity should bear in mind that these products can be highly speculative and may not be suitable for all clients.
Investors should ensure they understand the features of the products and fund strategies and the risks involved before deciding whether or not to invest in such products. Such investments are generally intended for experienced and financially sophisticated investors who are willing to bear the risks associated with such investments, which can include: loss of all or a substantial portion of the investment, increased risk of loss due to leveraging,
short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; prohibitions and/ or material restrictions on transferring interests in the fund; absence of information regarding valuations
and pricing; delays in tax reporting; - key man and adviser risk; limited or no transparency to underlying investments; limited or no regulatory oversight
and less regulation and higher fees than mutual funds.

Risk disclosure on Emerging Markets
Investment in emerging markets may involve certain, additional risks which may not be typically associated with investing in more established economies and/or securities markets. Such risks include (a) the risk of nationalization or expropriation of assets; (b) economic and political uncertainty; (c) less liquidity in so far of securities markets; (d) fluctuations in currency exchange rate; (c) higher rates of inflation; (f) less oversight by a regulator of local securities market; (g) longer settlement periods in so far as securities transactions and (h) less stringent laws in so far the duties of company officers and protection of Investors.

Risk disclosure on FX Margin
The price fluctuation of FX could be substantial under certain market conditions and/or occurrence of certain events, news or developments and this could pose significant risk to the Customer. Leveraged FX trading carry a high degree of risk and the Customer may suffer losses exceeding their initial margin funds. Market conditions may make it impossible to square/close-out FX contracts/options. Customers could face substantial margin calls and therefore liquidity problems if the relevant price of the currency goes against them.

Currency risk – where product relates to other currencies
When an investment is denominated in a currency other than your local or reporting currency, changes in exchange rates may have a negative effect on your investment.

Chinese Yuan (“CNY”) risks
There is a liquidity risk associated with CNY products, especially if such investments do not have an active secondary market and their prices have
large bid/offer spreads.

CNY is currently not freely convertible and conversion of CNY through banks in Hong Kong and Singapore is subject to certain restrictions. CNY products are denominated and settled in CNY deliverable in Hong Kong and Singapore, which represents a market which is different from that of CNY deliverable in Mainland China.
There is a possibility of not receiving the full amount in CNY upon settlement, if the Bank is not able to obtain sufficient amount of CNY in a timely manner due to the exchange controls and restrictions applicable to the currency.

Illiquid markets/products
In the case of investments for which there is no recognised market, it may be difficult for investors to sell their investments or to obtain reliable information about their value or the extent of the risk to which they are exposed.

Important notice

The following may be subject to local requirements.

This is a marketing communication issued by **HSBC Private Banking**. This document does not constitute independent investment research under the European Markets in Financial Instruments Directive ('MiFID'), or other relevant law or regulation, and is not subject to any prohibition on dealing ahead of its distribution. HSBC Private Banking is the principal private banking business of the HSBC Group. Private Banking may be carried out internationally by different HSBC legal entities according to local regulatory requirements. Different companies within HSBC Private Banking or the HSBC Group may provide the services listed in this document. Some services are not available in certain locations. Members of the HSBC Group may trade in products mentioned in this publication.

This document is provided to you for your information purposes only and should not be relied upon as investment advice. The information contained within this document is intended for general circulation to HSBC Private Banking clients and it has not been prepared in light of your personal circumstances (including your specific investment objectives, financial situation or particular needs) and does not constitute a personal recommendation, nor should it be relied upon as a substitute for the exercise of independent judgement. This document does not constitute and should not be construed as legal, tax or investment advice or a solicitation and/or recommendation of any kind from the Bank to you, nor as an offer or invitation from the Bank to you to subscribe to, purchase, redeem or sell any financial instruments, or to enter into any transaction with respect to such instruments. The content of this document may not be suitable for your financial situation, investment experience and investment objectives, and the Bank does not make any representation with respect to the suitability or appropriateness to you of any financial instrument or investment strategy presented in this document.

If you have concerns about any investment or are uncertain about the suitability of an investment decision, you should contact your Relationship Manager or seek such financial, legal or tax advice from your professional advisers as appropriate.

Market data in this document is sourced from Bloomberg unless otherwise stated. While this information has been prepared in good faith including information from sources believed to be reliable, no representation or warranty, expressed or implied, is or will be made by HSBC Private Banking or any part of the HSBC Group or by any of their respective officers, employees or agents as to or in relation to the accuracy or completeness of this document.

It is important to note that the capital value of, and income from, any investment may go down as well as up and you may not get back the original amount invested. Past performance is not a guide to future performance. Forward-looking statements, views and opinions expressed and estimates given constitute HSBC Private Banking's best judgement at the time of publication, are solely expressed as general commentary and do not constitute investment advice or a guarantee of returns and do not necessarily reflect the views and opinions of other market participants and are subject to change without notice. Actual results may differ materially from the forecasts/estimates. When an investment is denominated in a currency other than your local or reporting currency, changes in exchange rates may have an adverse effect on the value of that investment. There is no guarantee of positive trading performance.

Foreign securities carry particular risks, such as exposure to currency fluctuations, less developed or less efficient trading markets, political instability, a lack of company information, differing auditing and legal standards, volatility and, potentially, less liquidity.

Investment in emerging markets may involve certain additional risks, which may not be typically associated with investing in more established economies and/or securities markets. Such risks include (a) the risk of nationalization or expropriation of assets; (b) economic and political uncertainty; (c) less liquidity in so far of securities markets; (d) fluctuations in currency exchange rate; (e) higher rates of inflation; (f) less oversight by a regulator of local securities market; (g) longer settlement periods in so far as securities transactions and (h) less stringent laws in so far the duties of company officers and protection of Investors.

You should contact your Relationship Manager if you wish to enter into a transaction for an investment product. You should not make any investment decision based solely on the content of any document.
Some HSBC Offices listed may act only as representatives of HSBC Private Banking, and are therefore not permitted to sell products and services, or offer advice to customers. They serve as points of contact only. Further details are available on request.

In the United Kingdom, this document has been approved for distribution by HSBC UK Bank plc whose Private Banking office is located at 8 Cork Street, London W1S 3LJ and whose registered office is at 1 Centenary Square, Birmingham, B1 1HQ. HSBC UK Bank plc is registered in England under number 09928412. Clients should be aware that the rules and regulations made under the Financial Services and Markets Act 2000 for the protection of investors, including the protection of the Financial Services Compensation Scheme, do not apply to investment business undertaken with the non-UK offices of the HSBC Group. This publication is a Financial Promotion for the purposes of Section 21 of the Financial Services & Markets Act 2000 and has been approved for distribution in the United Kingdom in accordance with the Financial Promotion Rules by HSBC UK Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

In Guernsey, this material is distributed by HSBC Private Banking (C.I.) a division of HSBC Bank plc, Guernsey Branch which is licensed by the Guernsey Financial Services Commission for Banking, Insurance and Investment Business. HSBC Bank plc is registered in England and Wales, number 14259. Registered office 8 Canada Square, London, E14 5HQ. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (UK FCA reference number: 114216).

In Jersey Issued by HSBC Private Banking (Jersey) which is a division of HSBC Bank plc, Jersey Branch: HSBC House, Esplanade, St. Helier, Jersey, JE1 1HS. HSBC Bank plc, Jersey Branch is regulated by the Jersey Financial Services Commission for Banking, General Insurance Mediation, Fund Services and Investment Business.

In France, this material is distributed by HSBC France. HSBC Private Banking is the private banking department of the HSBC Group in France. HSBC France is subject to approval and control by the Autorité de Contrôle Prudentiel et de Résolution [Prudential Control and Resolution Authority] as a credit entity. HSBC Private Banking, HSBC France - Public Limited Company with share capital of 474.964.025 €- SIREN 775 670 284 Trade and Companies Register of Paris Bank and Insurance Intermediary registered with the Organisme pour le Registre des Intermédiaires en Assurances [Organisation for the Register of Insurance Intermediaries] under no. 07 005 894 (www.orias.fr) - Intra-community VAT number: FR 707 756 702 84. HSBC Private Banking, HSBC France – Registered office: 103 avenue des Champs-Elysées, 75008 Paris - Postal address: 109 avenue des Champs-Elysées, 75419 Paris Cedex 08, Tel. +33 (0) 1 49 52 20 00.

In Switzerland, this material is distributed by HSBC Private Bank (Suisse) SA, a bank regulated by the Swiss Financial Market Supervisory Authority FINMA, whose office is located at Quai des Bergues 9-17, 1201 Genève, Switzerland. This document does not constitute independent financial research, and has not been prepared in accordance with the Swiss Bankers Association's "Directive on the Independence of Financial Research", or any other relevant body of law.

In Dubai International Financial Center (DIFC) by HSBC Private Bank (Suisse) S.A., DIFC Branch, P.O. Box 506553 Dubai, United Arab Emirates, which is regulated by the Dubai Financial Services Authority (DFSA) and is permitted to only deal with Professional Clients as defined by the DFSA.

In South Africa, this material is distributed by HSBC Private Bank (Suisse) SA's Representative Office approved by the South African Reserve Board (SARB) under registration no. 00252 and authorized as a financial services provider (FSP) for the provision of Advice and Intermediary Services by the Financial Sector Conduct Authority of South Africa (FSCA) under registration no. 49434. The Representative Office has its registered address at 2 Exchange Square, 85 Maude Street, Sandown, Sandton.

In Bahrain and Qatar, this material is distributed by the respective branches of HSBC Bank Middle East Limited, which is locally regulated by the respective local country Central Banks and lead regulated by the Dubai Financial Services Authority.

In Lebanon, this material is distributed by HSBC Financial Services (Lebanon) S.A.L., licensed by the Capital Markets Authority as a financial intermediation company Sub N°12/8/18 to carry out Advising and Arranging activities, having its registered address at Centre Ville 1341 Building, 4th floor, Patriarche Howayek Street, Beirut, Lebanon, P.O.Box Riad El Solh 9597.

In Hong Kong and Singapore, THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED OR ENDORSED BY ANY REGULATORY AUTHORITY IN HONG KONG OR SINGAPORE. HSBC Private Banking is a division of Hongkong and Shanghai Banking Corporation Limited. In Hong Kong, this document has been distributed by The Hongkong and Shanghai Banking Corporation Limited in the conduct of its Hong Kong regulated business. In Singapore, the document is distributed by the Singapore Branch of The Hongkong and Shanghai Banking Corporation Limited. Both Hongkong and Shanghai Banking Corporation Limited and Singapore

Branch of Hongkong and Shanghai Banking Corporation Limited are part of the HSBC Group. This document is not intended for and must not be distributed to retail investors in Hong Kong and Singapore. The recipient(s) should qualify as professional investor(s) as defined under the Securities and Futures Ordinance in Hong Kong or accredited investor(s) or institutional investor(s) or other relevant person(s) as defined under the Securities and Futures Act in Singapore. Please contact a representative of The Hong Kong and Shanghai Banking Corporation Limited or the Singapore Branch of The Hong Kong and Shanghai Banking Corporation Limited respectively in respect of any matters arising from, or in connection with this report.

Some of the products are only available to professional investors as defined under the Securities and Futures Ordinance in Hong Kong / accredited investor(s), institutional investor(s) or other relevant person(s) as defined under the Securities and Futures Act in Singapore. Please contact your Relationship Manager for more details.

Where we make any solicitation and/or recommendation in Hong Kong to you for a Financial Product (as defined in HSBC's Standard Terms and Conditions) where this is permitted by cross border rules depending on your place of domicile or incorporation, we will take reasonable steps to ensure the suitability of the solicitation and/or recommendation. In all other cases, you are responsible for assessing and satisfying yourself that any investment or other dealing to be entered into is in your best interest and is suitable for you.

In all cases, we recommend that you make investment decisions only after having carefully reviewed the relevant investment product and offering documentation, HSBC's Standard Terms and Conditions, the "Risk Disclosure Statement" detailed in the Account Opening Booklet, and all notices, risk warnings and disclaimers contained in or accompanying such documents and having understood and accepted the nature, risks of and the terms and conditions governing the relevant transaction and any associated margin requirements. In addition to reliance on a solicitation and/or recommendation made in Hong Kong by HSBC (if any), you should exercise your own judgment in deciding whether or not a particular product is appropriate for you, taking into account your own circumstances (including, without limitation, the possible tax consequences, legal requirements and any foreign exchange restrictions or exchange control requirements which you may encounter under the laws of the countries of your citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of any investment) and, where appropriate, you should consider taking professional advice including as to your legal, tax or accounting position. Please note that this information is neither intended to aid in decision making for legal or other consulting questions, nor should it be the basis of any such decision. If you require further information on any product or product class or the definition of Financial Products, please contact your Relationship Manager.

In Luxembourg, this material is distributed by HSBC Private Banking (Luxembourg) SA, which is located at 16, boulevard d'Avranches PO BOX 733, L-2017 Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier.

In the United States, HSBC Private Banking offers banking services through HSBC Bank USA, N.A. – Member FDIC, and provides securities and brokerage services through HSBC Securities (USA) Inc. (HSI), member NYSE/ FINRA/SIPC, HSI is an affiliate of HSBC Bank USA, N.A.

Investment products are: Not a deposit or other obligation of the bank or any affiliates; Not FDIC insured or insured by any federal government agency of the United States; Not guaranteed by the bank or any of its affiliates; and are subject to investment risk, including possible loss of principal invested.

Australia

If you are receiving this document in Australia, the products and services are provided by The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737) for "wholesale" customers (as defined in the Corporations Act 2001). Any information provided is general in nature only and does not take into account your personal needs and objectives nor whether any investment is appropriate. The Hongkong and Shanghai Banking Corporation Limited is not a registered tax agent. It does not purport to, nor does it, give or provide any taxation advice or services whatsoever. You should not rely on the information provided in the documents for ascertaining your tax liabilities, obligations or entitlements and should consult with a registered tax agent to determine your personal tax obligations.

Where your location of residence differs from that of the HSBC entity where your account is held, please refer to the Disclaimer at http://www.hsbcprivatebank.com/en/utilities/cross-border-disclosure for disclosure of cross-border considerations regarding your location of residence.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of HSBC UK Bank plc.

A complete list of private banking entities is available on our website, www.hsbcprivatebank.com.

©Copyright HSBC 2021

ALL RIGHTS RESERVED