

Schedule C – Disclosure Regarding Conflicts of Interest

Why This Disclosure Statement is Important to You

In the course of providing services and financial products to you, there will be situations where a conflict will arise between HSBC Investment Funds (Canada) Inc.'s interests and yours. These conflicts may be actual conflicts of interest or you may perceive that we have a conflict of interest. Conflicts may cause concern that we or our representatives may act or will act in their own business or personal interest which may result in financial gain to us or our representative. Conflicts can also arise in circumstances where there are differing interests amongst clients, which may lead to a perception that we are favouring a client or set of clients over other clients.

We seek to avoid or minimize conflicts where reasonably possible. We seek to avoid actual or perceived favouritism or discrimination amongst clients and to ensure that no client receives preferential treatment over another in providing financial products and services to you. Some conflicts cannot be avoided, including those conflicts that are inherent in the business model that we use and our relationship with our affiliates, however, at all times, we address these conflicts by implementing controls that we believe to be effective.

Canadian securities laws require us to take reasonable steps to identify and respond to material conflicts of interest in your best interest and tell you about them. This Conflicts of Interest Disclosure Statement identifies the conflicts of interest we consider are material when providing financial products and services to you. We also describe the potential impact on and the risk that the conflict could pose to you and how we address the conflict to minimize its impact and risks to you and our other clients.

In situations where we do not or cannot avoid a conflict of interest, where our interests may compete with yours, we will always strive to give your interests priority over ours. This allows you to be confident that we address conflicts in your best interest. In addition, there may be other situations that pose unique conflict of interest issues; in those cases, we will provide you with supplemental disclosure. Unless otherwise specified, we deal with and manage conflicts as follows:

- We avoid conflicts which are prohibited by law as well as conflicts that we cannot effectively control.
- Our representatives are required to comply with various policies and procedures, which are designed to ensure that our representatives follow ethical and client-first business practices. These policies and procedures include HSBC Group's global code of ethics, anti-bribery and corruption policies and procedures and procurement requirements. We have a robust oversight process to ensure these policies and procedures are effective.
- We control or manage acceptable conflicts by separating different business functions and restricting the internal exchange of information.
- Our internal compensation practices are designed to ensure our representatives are not incented or influenced to make recommendations to you about specific products or services we offer.
- For each material conflict, we seek to resolve it in your best interest.
- We disclose information about conflicts of interest we consider are material when we and our representatives provide financial products and services to you so that you can assess independently if these conflicts are significant to you.

Material Conflicts of Interest

Below is important information that will help you be fully informed about conflicts of interest we consider are material to you.

Conflicts Arising from Being a Member of the HSBC Group:

We are a member of a group of related companies known as the HSBC Group whose ultimate parent entity is HSBC Holdings plc, headquartered in London, UK.

In the course of providing services and financial products to you, we may from time to time enter into transactions or arrangements with a person or company that is related or connected to us ("HSBC Group Member(s)") for provision of services to us or providing services to a HSBC Group Member.

We are a direct subsidiary of HSBC Global Asset Management (Canada) Limited and indirect subsidiary of HSBC Bank Canada ("HSBC Bank"), a Schedule II chartered Canadian bank.

HSBC Global Asset Management (Canada) Limited is the investment fund manager and primary portfolio manager for all the products and services we offer to our clients. We, together with HSBC Bank and HSBC Global Asset Management (Canada) Limited, are all members of the HSBC Group. All members of HSBC Group are separate entities from each other with information barriers and robust compliance systems.

Some of our directors and officers are also directors or officers of HSBC Bank and/or other HSBC Group members. In addition, we have various governance committees in which some committees are shared across HSBC Group members and as such, are comprised of members from those HSBC Group members. Our directors and officers receive specific training on their corporate and regulatory responsibilities including conflict of interest issues arising from holding positions at several HSBC Group members.

Our membership in the HSBC Group, together with the transactions and arrangements we make with other HSBC Group members, will give rise to conflicts of interest, and we have adopted policies and procedures to identify and respond to these conflicts. For example, we receive portfolio management services from HSBC Global Asset Management (Canada) Limited for the HSBC World Selection Portfolio Service. We will only enter into these transactions or arrangements where they are permitted under applicable securities laws and where we believe they are in your best interests in the applicable circumstances.

In all cases, we recognize that the conflicts described in this section raise perceptions that we will favour the business interests of the HSBC Group members, and that you may have concerns about our financial products and services that are sourced from or provided by those members. We have provided further details below of the conflicts associated with the financial products and services that we provide you and how we manage them to ensure we act in your best interests.

Our Products and Services

If one of our representatives provides a recommendation with respect to an investment in a mutual fund, our representatives only provide recommendations that you invest in HSBC products and services, such as the HSBC Mutual Funds, the HSBC Pooled Funds and the HSBC World Selection Portfolio Service. Because we do not recommend investments in third-party products (other than certain GICs), the suitability determination conducted by us and our representatives will not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse, or equal in meeting your investment needs and objectives.

The HSBC Mutual Funds and the HSBC Pooled Funds are managed by HSBC Global Asset Management (Canada) Limited who engages its affiliated and non-affiliated global asset managers to assist in managing the funds. We offer the HSBC World Selection Portfolio Service, using the portfolio management services of HSBC Global Asset Management (Canada) Limited. We receive fees either directly or indirectly from you for these products and services.

There are conflicts of interest inherent in clients' opening accounts with us and investing in HSBC products and services. We manage this conflicts of interest by conducting thorough due diligence on those financial products and services with a view to ensuring that such products and services are suitable and competitive within the market for the range of clients opening accounts with us. We also have in place a robust oversight process to ensure that we have effective know-your-client, know-your-product and suitability procedures to ensure that the recommendations made to you for investment in HSBC products and services will be suitable for you and put your interests first. Further, we evaluate our policies, procedures and controls to ensure we have addressed this conflicts of interest.

In most cases, our connection to HSBC products and services will be obvious to you because the names of the funds or other financial products will be sufficiently similar to our name. For example, in most cases the names of the funds will include the word "HSBC". If we believe that the name of any fund or financial product is not similar enough to convey the fund's or product's relationship to us, we will provide you with specific disclosure regarding that relationship when we recommend that fund or product.

The conflicts of interest inherent in the management of the HSBC Mutual Funds and HSBC Pooled Funds are addressed by HSBC Global Asset Management (Canada) Limited in the best interests of the funds and are referred to and considered by the Independent Review Committee for those funds. The members of the Independent Review Committee are independent of HSBC Global Asset Management (Canada) Limited and other members of the HSBC Group.

Fees and Charges

We and the other members of the HSBC Group, like other financial services firms, are commercial businesses and seek to maximize profits, while also providing fair, honest and suitable products and services to clients. We earn compensation by selling financial products and services to you for which you pay us directly or in the case of the funds, is paid to us by the manager of the funds.

For HSBC Investment Funds account, we receive a fee from HSBC Global Asset Management (Canada) Limited for distributing the HSBC Mutual Funds. This fee is paid from management expense ratio of the funds which includes the management fee and fund operating expenses and is collected by HSBC Global Asset Management (Canada) Limited. For the HSBC World Selection Portfolio Service, we receive a direct fee from our clients for the services we provide and a portion of that fee is paid to HSBC Global Asset Management (Canada) Limited for their portfolio management services. HSBC Global Asset Management (Canada) Limited and its affiliated and non-affiliated global asset managers receives revenues based on the amount of investments you make into the funds and services they manage. We generally use a standard fee schedule for direct fees payable by our clients. In limited circumstances, we may agree to accept a fee schedule that is lower than our standard fee schedule, including but not limited to whether the client is an HSBC employee or a former employee, a relative of either, or an employee of a company with which HSBC has a specified arrangement to offer a fee discount.

We may also earn revenue from other sources, some of which may be seen as involving a conflict of interest or potential conflict of interest. We may earn a revenue or fees in connection with the sale of GICs, including GICs offered by third parties. In addition, we or our affiliates may earn revenue from foreign exchange spreads resulting from currency conversions transactions in your accounts. We balance our commercial, regulatory and HSBC Group responsibilities with the best interests of our clients. This includes pricing our products and services in a way that represents value for money for you and overall profitability for the applicable members of the HSBC Group. The fees and charges you pay are transparent and disclosed to you in the Annual Charges and Compensation Report which can be found within the Annual Report. We also tell you about revenues we may receive from third parties, including HSBC Group members, in connection with those financial products and services. Your representative can discuss your questions about our fees, charges and revenue from other sources as they apply to the financial products and services you invest in.

Referral Arrangements

We may enter into referral arrangements from time to time, where we refer clients to another entity and receive a benefit, or another entity refers clients to us and receives a benefit from us. These arrangements may be with other members of the HSBC Group or parties unrelated to us. This can create a potential conflict of interest because the arrangements provide a financial incentive to make referrals to the person we are receiving a referral fee from. The details of these referral arrangements, including the parties to the referral arrangement, the manner in which the referral fee for referral services is calculated and the party to whom it is paid, will be provided to you in writing.

HSBC Bank and its affiliates may, from time to time, introduce customers to each other in accordance with the financial needs of the customers.

HSBC Global Decisions

Certain decisions that affect our business and the financial products and services we provide you may be made at a HSBC Group level. Those decisions may be made to favour the commercial interests of the HSBC Group as a whole. We are required to comply with Canadian securities laws and no HSBC Group decision will impact our compliance in this regard. We will address this conflict by continuing to follow our policies and procedures that are designed to put clients' interests first and comply with Canadian securities laws.

Conflicts of Our Representatives

Our representatives are employed by HSBC Bank and act in other capacities with HSBC Bank and may recommend or provide you with financial services and products for HSBC Bank which may be issued by HSBC Bank or other related entities. When they are providing you with products and services for your securities account with us, they are acting as our representatives. We and HSBC Bank have policies and procedures to ensure that the representatives understand the separation of their duties and can explain to you in which capacity and for whom they are acting when they discuss your financial needs. When the representatives are acting for us, we monitor the financial products and services provided to you, when the representatives are acting for us, to ensure that they are suitable for you and put your interests first.

Our representatives receive remuneration from HSBC Bank which may be comprised of a base salary and a variable pay based on a number of performance criteria. Performance criteria remuneration may include compensation for the representative's role in introducing our clients to other investment products or services offered by our affiliates in Canada as appropriate. In addition, from time to time, we or our affiliates may also award other incentives (such as merchandise or corporate events) to our representatives for their role in the sale of our investment products or services. Such incentives will be paid by us or our affiliates and be based on pre-set targets or other variable criteria. All incentive programs provided by us or our affiliates are designed so that investment products or services will only be introduced to you if they are suitable for you. Our representatives may have a personal or business relationship with clients, but are not permitted to favour those clients over clients with whom they do not have those relationships.

Personal Trading and Code of Ethics

We have a Personal Trading Account Dealing Policy and a Statement of Business Principles & Code of Ethics, which is designed to ensure that our representatives act in accordance with applicable securities laws and other laws, that they act in the best interests of us and our clients, that they avoid actual or potential conflicts of interest, and that they do not engage in personal securities transactions that are prohibited by law, such as insider trading, or that negatively impact our clients.

Our representatives, officers and directors put the interests of our clients first, ahead of their own personal self-interests. We have policies prohibiting our representatives from engaging in certain personal trading activities including speculative trading activity, participating in an investment club or any trading that may give the impression of wrongdoing by the representatives or us. In addition, any individual who has, or is able to obtain access to, non-public information concerning the portfolio

holdings, the trading activities or the ongoing investment programs of our clients, is prohibited from using such information for their direct or indirect personal benefit or in a manner which would not be in the best interests of our clients.

These individuals must not use their position to obtain special treatment or investment opportunities not generally available to our clients or the public. They are only allowed to make certain personal trades if it falls within our Personal Account Dealing Policy and they have received approval from their managers and HSBC's Global Personal Account Dealing team to ensure such trade will not conflict with the best interest of our clients.

Outside Business Activities

At times, our executives, directors, officers and representatives may participate in outside business activities such as serving on a board of directors, participating in community events or pursuing personal outside business interests. We have policies in place that require individuals to disclose situations where a conflict of interest may arise before engaging in any outside business activity in order to determine how such conflicts may be addressed. Employees may only engage in such outside business activities if approved by an applicable supervisor according to our policies.

Gifts and Entertainment

Our executives, directors, officers and representatives are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

We May Change this Conflicts Disclosure Statement

The information disclosed in this Conflicts of Interest Disclosure Statement may change from time to time. For example, we may later consider we have another material conflict that we have not previously disclosed to you or we may change how we address the conflict in your best interest. You can obtain the current version of this Conflicts of Interest Disclosure Statement free of charge at any time by visiting our website at www.hsbc.ca/investments/investor-information/.