



## **Schedule E – Additional Information Regarding Your Relationship with HSBC Investment Funds (Canada) Inc.**

### **1. Purpose of this Document**

We want you to be fully informed about matters that are important to your relationship with us. Canadian securities laws also require us to provide you with certain information about our relationship. This schedule contains additional information regarding your relationship with us, the products and services we offer, the nature of the Account(s) you have with us, the manner in which they are operated, and our responsibilities to you. Additional information regarding your relationship with us is contained in other documents, including these Terms and Conditions and updates we provide to you from time to time. We encourage you to review this information you receive from us carefully.

### **2. Our Advisory Relationship with You**

As the principal distributor of the HSBC Mutual Funds, we market and distribute to the public, units of the HSBC Mutual Funds, managed by HSBC Global Asset Management. We also market and offer to the public, the HSBC World Selection Portfolio Service, which invests in HSBC Pooled Funds and HSBC Mutual Funds, and which we manage and administer, in part using the portfolio management services provided by HSBC Global Asset Management. We may also market certain GICs.

The recommendations our Mutual Fund Advisors provide with respect to investments in mutual funds only involve HSBC products and services, namely the HSBC Mutual Funds and the HSBC World Selection Portfolio Service which includes the HSBC Pooled Funds and HSBC Mutual Funds.

Our Mutual Fund Advisors are employed with HSBC Bank and their registration is sponsored by us. When our Mutual Fund Advisors are involved in activities related to the HSBC Mutual Funds or the HSBC Pooled Funds (including activities related to the HSBC World Selection Portfolio Service), they are acting on behalf of us. Any activities carried out by these individuals for, or on behalf of HSBC Bank, are not the business, nor the responsibility of us.

We are registered as a Mutual Fund Dealer in all provinces of Canada, except Prince Edward Island, and are a member of the Mutual Fund Dealers Association of Canada. As a Mutual Fund Dealer, we and our Mutual Fund Advisors have the authority to trade in securities of mutual funds and to provide advice to clients that is incidental to those trades. You are responsible for making investment decisions (which for an HSBC World Selection Portfolio Account, means agreeing to your investor profile and choosing your selected model portfolio). You can rely on the recommendations given by Mutual Fund Advisors who are responsible for determining that their recommendations are suitable for you, as described further in the "Suitability of Orders Accepted/Recommendations Made" section is below. For customers who open an HSBC Investment Funds Account, we do not provide discretionary investment services. Customers who use the HSBC World Selection Portfolio Service access the discretionary investment management services provided by HSBC Global Asset Management.

### **3. Products and Services Offered**

#### **HSBC Investment Fund accounts holding HSBC Mutual Funds**

We are the principal distributor of the HSBC Mutual Funds, which are managed by HSBC Global Asset Management. The HSBC Mutual Funds include a wide range of money market, fixed income, equity and balanced mutual funds, and include Funds which invest in a diversified mix of other mutual funds.

Services we offer to you include, but are not limited to:

- a) Placing the orders to purchase, redeem or transfer units of the HSBC Mutual Funds based on your instructions,
- b) Based on the information you have provided to us, recommending suitable investments which may include recommending a portfolio of HSBC Mutual Funds under the HSBC Customized Portfolios,
- c) Conducting regular reviews of your Account,
- d) Responding to enquiries about your Account,
- e) Sending you statements, confirmations and other documents relating to your Account from time to time,
- f) Updating information relating to you and your Account, and
- g) Initiating or cancelling your enrolment in our Pre-Authorized Contribution Plan or Systematic Withdrawal Plan.

We may also assist you with purchases of certain GICs, based on your instructions.

The above services may be available through an HSBC Bank branch, either in person or by phone, through HSBC Wealth Compass online service or by other electronic means accepted by us.

Under the HSBC Customized Portfolios, you may invest in a diversified portfolio that comprised of different HSBC Mutual Funds permitted for your investor profile. With these services, we do not provide any discretionary service, nor do we perform any automatic rebalancing.

We do not accept transfers in of in-kind third-party mutual funds or other securities in HSBC Investment Funds Accounts.

HSBC Mutual Funds cannot be transferred out in-kind to registered dealers unless authorized by HSBC Global Asset Management. If you wish to close your Account or transfer your investments to another dealer, you may have to redeem the HSBC Mutual Funds and transfer the cash in your Account to the other dealer. There may be tax consequences associated with a redemption and transfer out.

For more information regarding the HSBC Mutual Funds or our services, please read these Terms and Conditions, the applicable Fund Facts and the Prospectus for HSBC Mutual Funds and HSBC Pooled Fund. You can access these documents on our website [www.hsbc.ca/investments/mutual-funds/](http://www.hsbc.ca/investments/mutual-funds/) or ask your Mutual Fund Advisor for copies.

If you invest in HSBC Mutual Funds to which the Automatic Switch Program applies, you will not receive the Fund Facts document for switches into the HSBC Mutual Funds under this program. However, you can request the latest version of the Fund Facts document for any of the funds that you invest in, at any time and at no cost. Simply call us toll-free at 1-800-830-8888, email [asset.management@hsbc.ca](mailto:asset.management@hsbc.ca), or contact your representative at your HSBC branch. In addition, you can access the most recently filed Fund Facts document on our website at [www.hsbc.ca/fund-facts](http://www.hsbc.ca/fund-facts) or on the SEDAR website at [www.sedar.com](http://www.sedar.com). Under securities law, you will not have the right to withdraw from switches made under the Automatic Switch Program. However, you will have a right of action for damages or rescission if any Fund Facts document or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not you requested the Fund Facts document.

### **HSBC World Selection Portfolio Service**

Under the HSBC World Selection Portfolio Service, we distribute the HSBC Pooled Funds and HSBC Mutual Funds managed by HSBC Global Asset Management. HSBC World Selection Portfolio Service is described in these Terms and Conditions.

We offer the following services as part of the HSBC World Selection Portfolio Service:

- a) Managing and administering model portfolios, in part using the services provided HSBC Global Asset Management,
- b) HSBC Global Asset Management provides rebalancing services to your Account;
- c) Recommending appropriate model portfolio based on the information you have provided to us,
- d) Conducting regular reviews of your Account,
- e) Responding to enquiries about your Account,
- f) Sending you statements, in certain cases confirmations and other documents relating to your Account from time to time,
- g) Updating information relating to you and your Account, and
- h) Initiating or cancelling your enrolment in the Pre-Authorized Contribution or Systematic Withdrawal Plan relating to the Service.

The above services may be available through an HSBC Bank branch, either in person or by phone, or by other electronic means accepted by us.

The HSBC World Selection Portfolio Service is a portfolio investment service that is exclusive to HSBC customers. To invest in the HSBC World Selection Portfolio Service, we require a minimum initial investment of CAD \$50,000, unless otherwise agreed to by us.

We do not accept transfers in of in-kind third-party mutual funds or other securities in HSBC World Selection Portfolio Accounts.

The HSBC Pooled Funds and HSBC Mutual Funds included in the HSBC World Selection Portfolio Accounts may be transferred in-kind to HSBC Private Investment Counsel (Canada) Inc., if eligible. Otherwise, HSBC World Selection Portfolio Accounts cannot be transferred out in-kind to any other registered dealer and must be redeemed to transfer out in cash. There may be tax consequences in taking such an action.

For more information regarding the HSBC World Selection Portfolio Service, please read the HSBC World Selection Portfolio Service section in these Terms and Conditions. For more information regarding the HSBC Mutual Funds and HSBC Pooled Funds, please read the applicable Fund Facts for each Fund and the Prospectus. You can access these documents on our website [www.hsbc.ca/investments/mutual-funds/](http://www.hsbc.ca/investments/mutual-funds/) or ask a Mutual Fund Advisor for copies.

### **4. Procedures Regarding the Receipt and Handling of Client Cash**

We will accept payment for purchases of investments from bank accounts or electronic fund transfers. Payments made in any other manner will not be accepted. We will consider an electronic fund transfer sent to us to have been received by us only once it's actually

received by us. We do not accept cheques. If you have instructed us to use your banking information, we will withdraw funds from your HSBC Bank account or an account at another financial institution. We will then deposit those funds to the cash held in your Account. We will then use the cash held in your Account for the purchase. We will redeem the investments held in your Account in accordance with your instructions and the cash proceeds from that redemption will be deposited in your Account and held in cash.

## 5. “Know Your Client (KYC) and Suitability”

### Know Your Client or KYC Information:

We collect information from you by asking you questions regarding your personal circumstances, your financial circumstances, your investment needs and objectives, your investment knowledge, your risk profile and your investment time horizon. This is referred to as “Know Your Client” or “KYC” information. We also require that you complete an Investor Profile Questionnaire to collect some of this information. We use this information in determining whether an investment action is suitable for you. Accordingly, it is important that the information you provide us is accurate and current. We take steps to contact you to remind you to keep your KYC information current. We will endeavour to meet or interact with you every 36 months and will go over your KYC information to ensure it is current, as well as examine the suitability of the investments in your Account, having regard to any changes to your KYC information and/or to the securities in your Account.

We are required to determine the suitability of the investments in your Account if you advise us that there has been a significant change to your KYC information. A significant change is a change that would have an impact on your risk profile, investment time horizon, or investment needs and objectives, or a significant impact on your net worth or income. For HSBC Investment Funds Accounts, we rely on this information to determine if your investments in the HSBC Mutual Fund(s) continue(s) to be suitable for you. For HSBC World Selection Portfolio Accounts, we rely on this information to determine if your investment in the selected model portfolio and therefore the investment in the HSBC Pooled Funds and HSBC Mutual Funds continues to be suitable for you. Accordingly, it is important that you inform us promptly of any significant change to your KYC information.

We will record your KYC information, including your investment needs and objectives, risk profile and investment time horizon, for each of your Accounts, and give you an opportunity to review it prior to authorizing any transaction in your Account.

In order to help you understand what we are asking you to provide us by way of KYC information, below are definitions for certain key terms you may see used in the Investor Profile Questionnaire or other information you receive from us. Your Mutual Fund Advisor can answer any questions you may have.

Your **investment needs** mean the requirements you may have for your investment, which may include liquidity. Your **investment objectives** are the results you want to achieve when investing, such as capital preservation, income generated by invested capital, capital growth or speculation.

Your **investment knowledge** means your knowledge of different investment products and of financial markets.

Your **risk profile** consists of the lesser of (i) your comfort with accepting risk, sometimes referred to as **risk tolerance**, and (ii) your ability to endure potential financial loss, sometimes referred to as risk capacity. Risk tolerance and **risk capacity** are separate considerations that together make up your overall risk profile.

Your **investment time horizon** is how long you have to invest. It is the period from the time you open your Account and begin your investments, to the time when you expect to access a significant portion of the money you have invested in your Account. When you provide us with your investment time horizon, we will use it to assess the feasibility and reasonableness relative to your liquidity needs, age, investment objectives, risk profile, and other particular circumstances. The length of your investment time horizon impacts the types of investments that may be suitable for you.

Below are explanations of the Investor Profiles associated with the Investment Profile Questionnaire, and general information about different levels of risk associated with investments.

### Investor Profiles

- a) **Conservative** – Your primary objective is to generate current income with limited equity exposure where the majority of your investments may be invested in fixed income and minimal allocation to equities. Your time horizon is an important consideration when determining the amount invested in fixed income and equities. You look for stable income and limited growth and you are willing to accept a low level of volatility to achieve your goals.
- b) **Moderate Conservative** – Your primary objective is to generate income with a moderate equity exposure where your investments may be mostly invested in fixed income with some allocation to equities. Your time horizon is an important consideration when determining the amount invested in fixed income and equities.  
You look for stable income and growth and you are willing to accept some volatility to achieve your goals.
- c) **Balanced** – Your primary objective is a balance of income and growth where your investments may be invested in a balanced mix of fixed income and equities. Your time horizon is an important consideration when determining the amount invested in fixed income and equities. You look for income and growth and you are willing to accept a moderate level of volatility to achieve your goals.

- d) **Growth** – Your primary objective is growth with moderate exposure to income where your investments may be invested mostly in equities and some allocation to fixed income. Your time horizon is an important consideration when determining the amount invested in fixed income and equities. You look for growth and some income and you are willing to accept higher volatility to achieve your goals.
- e) **Aggressive Growth** – Your primary objective is to maximize growth with minimal income where the majority of your investments may be invested in equities and a small allocation to fixed income. Your time horizon is an important consideration when determining the amount invested in fixed income and equities. You look for growth and minimal income and you are willing to accept a high level of volatility to achieve your goals.

## Risk

- a) **Low** – Low risk investments demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include such investments as Canada Savings Bonds, GICs, money market funds, mortgage funds and short-term bond funds.
- b) **Low to Medium** – Low to Medium risk investments demonstrate a low to medium volatility but a higher volatility than those described above and may include longer term bond or lower risk diversified funds.
- c) **Medium** – Medium risk investments demonstrate a medium volatility and are for investors that are looking for moderate growth over a longer period of time and may include balanced funds or specialty fixed income funds.
- d) **Medium to High** – Medium to High risk investments demonstrate a medium to high volatility and are for investors that are looking for long-term growth and may include funds that invest in smaller companies, specific market sectors or geographic areas and may include, Canadian dividend, Canadian equity, U.S. equity or international equity funds.
- e) **High** – High risk investments demonstrate a high volatility and are for investors who are growth oriented and are willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long-term returns and may include funds that invest in specific market sectors or geographic areas such as emerging markets.

## Suitability of Orders Accepted/Recommendations Made

We have an obligation under applicable securities laws to ensure that any investment action we take or recommend for you is suitable for you, having regard to your KYC information, and putting your interests first. In determining whether an investment action is suitable, we will consider your KYC information, the products that we have available to you, the impact of the investment action on your Account with us including assessing the concentration of the investment within your Accounts, the potential and actual impact of costs to you, and the range, if any, of alternative investment actions available. Our obligation to determine the suitability of an investment action also applies to trades and other investment actions proposed by you, even if we are not making a recommendation to you.

As our products and services relate to investments in mutual funds that are highly liquid, we do not have any liquidity concerns that would impact your ability to access all or a portion of your investments with us. Where appropriate, we will assess the concentration of investments in your HSBC Investment Funds Account when it comes to the concentration of mutual funds that focus on certain market and geographic sectors and with certain investment risk classifications. We may set concentration limits for these mutual funds.

When we review your Account with you and determine that one or more of your investments are no longer suitable for you, including any model portfolio you selected for your HSBC World Selection Portfolio Account, we will discuss this with you and recommend what changes we consider you should make. If we are unable to agree with you on recommendations to address unsuitable investments in your Account, we may take other actions, including, but not limited to, placing restrictions on your Account.

## 6. Risks of Investing

Before making any investment decision, it is important to consider your investment needs and objectives, your investment time horizon, and the risks associated with the investment you are considering. Generally, there is a strong relationship between the amount of risk associated with a particular investment and its potential to increase in value in the long term. However, investment risks vary depending on the type of investment.

Common types of risk to consider when making an investment decision include:

- General investment risk: the risk that changes to the economy and the market will result in changes to the value of your investments.
- Capital risk: the risk that the value of your investment at the time you sell or other dispose of it may be lower than its value when it was purchased or acquired.
- Liquidity risk: the risk that your investment may not be readily converted into cash when required. As noted above, our investment products and services are highly liquid investments.
- Currency risk: the risk that the value of securities denominated in a foreign currency (including foreign securities held by a fund) will be affected by changes in the value of the Canadian dollar in relation to the value of the foreign currency.
- Interest rate risk: the risk that changes to interest rates will result in changes to the value of your investments.

For information on risks specific to an HSBC Mutual Funds or HSBC Pooled Funds, you may refer to the applicable Fund Facts and the Prospectus available at [www.hsbc.ca/investments/mutual-funds/](http://www.hsbc.ca/investments/mutual-funds/) or ask your Mutual Fund Advisor for copies. For information regarding the risks of leveraging, please read Schedule "B" – "Borrowing Money to Buy Investments (Leveraging)" to these Terms and Conditions.

## 7. Content and Frequency of Reporting

We will send you an Account statement on a quarterly basis, as of each calendar quarter, whether or not you've made any Transactions within that quarter. The statement will report your position as of quarter end, and details of each transaction that took place during that calendar quarter. We also provide you a summary of the performance of your Account. The performance of your Account is calculated as a total percentage return using a consistent industry-wide calculation methodology known as the money-weighted rate of return. This methodology takes into consideration the amount and timing of deposits and withdrawals made into and from your Account. This provides you with a picture of how your investments are performing in light of decisions you have made to deposit or withdraw funds over a set period. This rate of return cannot be compared with a benchmark, as benchmarks use a different calculation methodology. Keep in mind that your returns reflect the mix of investments and risk level of your Account.

When you review your returns, consider your investment goals, the amount of risk you are comfortable with, and the value of the advice and services you receive. The statement will report the performance of your Account for the 1 year, 3 year, 5 year, 10 year and year-to-date periods ending the date of the statement, if available, and since inception. Any returns for a period greater than one year will be annualized rates of return.

Your Account statement includes the following details:

a) General Information

- i) the type of account;
- ii) the account number;
- iii) the period covered by the statement;
- iv) the name of the MFA servicing the account, if applicable;
- v) our name, address and telephone number; and
- vi) the definition of "book cost" as set out in the Mutual Fund Dealer's Association Rules 5.3(1) (a) and (h).

b) Account Activity

For each transaction made during the period covered by the statement:

- i) the date of the transaction;
- ii) the type of transaction;
- iii) the total value of the transaction;

For each transaction that is a purchase, sale or transfer during the period covered by the statement:

- iv) the name of the investments;
- v) the number of investments; and
- vi) the price per investment.

c) Market Value and Cost Reporting.

For all investments in your Account:

- i) As at the beginning of the period for which the statement is made:
  - A) the name and quantity of each investment in the account;
  - B) the market value of each investment in the account and, if applicable, a notification that there is no active market for the investment and that its value has been estimated. Where a value cannot be reliably determined, we must include the following notification or a notification that is substantially similar: "Market value is not determinable".
  - C) the cost of each investment position presented on an average cost per unit or share basis or on an aggregate basis, and determined as at the end of the applicable period;
  - D) the total cost of all investment positions;
  - E) the total market value of each investment position in the account;
  - F) any cash balance in the account;
  - G) the total market value of all cash and investments in the account; and
  - H) the name of the party that holds or controls each investment and a description of the way it is held.

For HSBC Investment Funds Accounts, following each Transaction, we will also send you a confirmation slip confirming the details of your transaction. However, if you have set up a Pre-Authorized Contribution Schedule we will send you a confirmation after the initial investment has been made, but not for each of the subsequent regular investments.

The confirmation includes the following details:

- a) The quantity and description of the investment purchased or redeemed;
- b) The price per unit at which the trade was effected;
- c) The amount paid, or proceeds received;
- d) The date of the trade and the settlement date;
- e) Certain other required disclosure.

For HSBC World Selection Portfolio Accounts, we will send you a trade confirmation at the time of your initial investment, a subsequent contribution, a withdrawal and any trades that relate to a change in your selected model portfolio. You will not receive trade confirmations for any rebalancing trades carried out in your Account at the time they are carried out by HSBC Global Asset Management.

## **8. Conflicts of Interest**

Material conflicts of interest and material conflicts of interest that are reasonably foreseeable, which are not avoided, will be addressed in your best interest and will be disclosed to you, in a timely manner. For more information, please refer to Schedule "C" – "Disclosure Regarding Conflicts of Interest" of these Terms and Conditions.

## **9. Compensation and Expenses**

### **HSBC Investment Fund accounts holding HSBC Mutual Funds**

Other than as described below, we do not receive any compensation or commissions from you directly for any transactions in HSBC Mutual Funds.

There are charges when you invest in HSBC Mutual Funds that you do not pay directly. These charges are the management fee and the fund operating expenses, which together form what is called the "management expense ratio" (MER). Each HSBC Mutual Fund has a MER. The management fee is an amount paid to our parent company, HSBC Global Asset Management by each HSBC Mutual Fund(s) held in your Account for HSBC Global Asset Management's services as manager of the HSBC Mutual Fund(s). Although you are not directly charged the MER, it indirectly affects you because it reduces the amount of the HSBC Mutual Funds' returns to you.

Under a fee sharing arrangement between us and HSBC Global Asset Management, we receive a share of the fees earned by HSBC Global Asset Management for our services as principal distributor of HSBC Mutual Funds. This compensation is negotiated between us and HSBC Global Asset Management from time to time, and is a percentage of the net management fee retained by HSBC Global Asset Management on the units of the HSBC Mutual Funds distributed by us. You may bear a portion of this compensation as the net management fee is paid by the HSBC Mutual Fund(s) of which you may be a unitholder.

Information about the MER and other expenses associated with an investment in the HSBC Mutual Funds is included in the Fund Facts for each HSBC Mutual Fund and the Prospectus. You can access these documents on our website [www.hsbc.ca/investments/mutual-funds/](http://www.hsbc.ca/investments/mutual-funds/) or ask your Mutual Fund Advisor for copies.

In addition, there may be other fees or expenses associated with your HSBC Investment Funds Account. Please see the "Other Fees and Expenses" section below.

### **HSBC World Selection Portfolio Service**

In return for the services we provide to you as part of the HSBC World Selection Portfolio service, you pay us a fee. The details of this fee are explained in the HSBC World Selection Portfolio Fee Schedule, which you received a copy of at the time of account opening (and which you can ask your Mutual Fund Advisor for a copy of). We can change the fees at any time, provided we give you 60 days' advance notice of the change.

For the HSBC Mutual Funds and HSBC Pooled Funds held in your World Selection Portfolio Account, there is no management fee portion of the MER charged to the Funds. However, the portion of the MER that consists of fund operating expenses is charged. Although you are not directly charged the fund operating expenses portion of the MER, it indirectly affects you because it reduces that amount of HSBC Mutual Funds' and HSBC Pooled Funds' returns to you.

Information about the MER and other expenses associated with an investment in the HSBC Mutual Funds or the HSBC Pooled Funds is included in the Fund Facts for each HSBC Mutual Fund or HSBC Pooled Funds and the Prospectus for the HSBC Mutual Funds and HSBC



Pooled Funds. You can access these documents on our website [www.hsbc.ca/investments/mutual-funds/](http://www.hsbc.ca/investments/mutual-funds/) or ask your Mutual Fund Advisor for copies.

In addition, there may be other fees or expenses associated with your HSBC World Selection Portfolio Account. Please see the “Other Fees and Expenses” section below.

### **Other Fees and Expenses**

**There may also be other fees and expenses related to your Account, depending on the circumstances. These other fees and expenses may be charged by us or by our affiliates, as explained below.**

- For HSBC Investment Funds registered accounts, we may charge you \$15, plus applicable taxes, per year to cover the annual administration costs for each registered account established with us (for example, for each RRSP, RRIF, LIRA, LIF, PRIF). This will be charged each year in two installments (at the middle of year and end of year), with each payment in the amount of \$7.50 plus applicable taxes. RESP and TFSA accounts are excluded from this fee.
- For HSBC Investment Funds accounts and HSBC World Selection Portfolio accounts, we charge a fee of \$50, plus applicable taxes, per account, if you transfer your registered account (including RRSP, RRIF, LIRA, LIF, PRIF, TFSA) to another financial institution. RESP accounts are excluded from this fee.
- If you switch or sell units of a HSBC Mutual Fund within 30 calendar days of the date you purchased those units, you may be charged up to 2% of the value of the units switched or sold, with the exception of Money Market Funds, Pooled Funds, and switches made under the Automatic Switch Program. Units we consider to be held the longest will be the securities that are redeemed first. This fee is retained by the applicable HSBC Mutual Fund.
- For HSBC Investment Funds accounts and HSBC World Selection Portfolio accounts, if you have a registered Account (including a TFSA) and you pass away, if your registered Account remains open after the year after your death, we or HSBC Trust Company (Canada) may be required, under the Income Tax Act and the Declaration of Trust governing the registered Account, to file tax returns for your Account. In these circumstances, we will redeem from your Account the costs related to preparing and filing the tax return, along with any taxes owing.

For each of the fees or expenses set out above, we will collect the payments by debiting cash from your Account or, if there is not sufficient cash in your Account:

- For HSBC Investment Funds Accounts, we will first redeem units from any Money Market mutual fund(s), and then, as necessary, redeem units of the mutual fund(s) with the highest market value in your Account.
- For HSBC World Selection Portfolio Accounts, we will redeem investments in the applicable Account in a manner consistent with your selected model portfolio.

### **Impact of Fees and Expenses**

Fees impact the investment returns of your portfolio. Fees charged directly to your Account reduce the market value of your Account directly, while fees embedded within the HSBC Mutual Funds and HSBC Pooled Funds reduce the market value of those securities held in your Account. The impact of fees reduces your investment returns and this impact, due to the effect of compounding, increases over time. Every dollar taken out to cover fees is one less dollar left to invest in the portfolio to compound and grow over time. Please ask your Mutual Fund Advisor if you have any questions about fees.

## **10. Benchmarks**

### **Investment Performance Benchmark**

An investment performance benchmark is a market or sector index against which the performance of your investments can be compared. We and/or HSBC Global Asset Management (Canada) Limited may use investment performance benchmarks to assess the performance of the HSBC Mutual Funds. You can use investment performance benchmarks to compare how your investments with us performed compared to the appropriate market or sector. When comparing your investment returns to the returns of an investment performance benchmark, keep in mind that:

- a) The composition of your investment portfolio reflects the investment strategy you have agreed upon which may result in the performance of your investments and the performance of the benchmark differing; and
- b) Investment performance benchmarks do not generally include charges and other expenses.

## **11. Potentially Vulnerable Clients – For Individuals Only**

We are committed to protecting our clients. We will ask you if you would like to name a Trusted Contact Person (TCP) associated with your Account with us. A TCP is someone you trust to assist in protecting your investments with us, but naming a person as your TCP does not give them authority to make decisions about your Account on your behalf. By naming a TCP, you authorize us to contact your TCP in the following situations:

- We identify possible financial exploitation affecting you or your Account
- We have concerns about your mental capacity as it relates to financial decision-making
- We require the identity and contact information of your legal guardian, executor, trustee or other personal or legal representative, and cannot confirm it with you
- We require your current contact information, and cannot confirm it with you

If you name a TCP, you may, at any time, change your TCP or withdraw your authorization to permit us to contact your TCP in the above situations. Please contact your Mutual Fund Advisor if you would like to discuss TCPs.

Additionally, pursuant to securities regulations, we are authorized to place a temporary hold on a securities transaction or a disbursement from your Account if we reasonably believe that:

- you are a vulnerable client, and financial exploitation of you has occurred, is occurring, has been attempted or will be attempted; or
- you do not have the mental capacity to make decisions involving financial matters.

If we place a temporary hold on a securities transaction or a disbursement from your Account in the above situations, we will provide you with notice of the temporary hold, including reasons for it, as soon as possible after placing the temporary hold. We will continue to review the temporary hold to determine if continuing it is appropriate. Within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, we will either revoke the temporary hold, or provide you with notice of our decision to continue to hold and the reasons for that decision.

## **12. Complaints**

If you are not satisfied with a financial product or service that we offer, you have a right to make a complaint and to seek resolution of the problem. We have a responsibility to you to ensure your complaint is dealt with fairly and promptly. If you have a complaint, there are steps you can take.

For more details, please refer to Schedule “F” – “Resolving Customer Complaints” and Schedule “G” – “Customer Complaint Information Form” of these Terms and Conditions.