

INDEPENDENT REVIEW COMMITTEE

("IRC")

for the funds managed by
(see last page for listing)

HSBC Global Asset Management (Canada) Limited
(the "Fund Manager")

REPORT TO SECURITYHOLDERS

pursuant to S. 4.4 NI 81-107

(For the period from January 1, 2018 to December 31, 2018)

IRC Members

Name	Length of Service (Appointed)	IRC Member for:
William A. Bakk (Chair)	February 13, 2014	HSBC Mutual Funds and HSBC Pooled Funds
Neil de Gelder	March 5, 2015	HSBC Mutual Funds and HSBC Pooled Funds
Lisa Pankratz	March 3, 2016	HSBC Mutual Funds and HSBC Pooled Funds

Composition

There has been no change in the composition or membership of the IRC during the reporting period.

Securities Holdings

HSBC Funds

As at December 31, 2018, the percentage of units of each series of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent.

The Fund Manager

HSBC Global Asset Management (Canada) Limited is a wholly-owned subsidiary of HSBC Bank (Canada) (the "Bank"). As at December 31, 2018, the members of the IRC beneficially owned, directly or indirectly, in aggregate, less than 0.01 per cent of the Bank's securities.

Service providers

As at December 31, 2018, the members of the IRC beneficially owned, directly or indirectly, in aggregate, less than 0.01 per cent of the securities in any person or company that provides services to the Funds or the Fund Manager.

Compensation

The aggregate compensation paid by the Funds to the IRC for the reporting period was \$130,047.00 (including \$47.00 in expenses but excluding taxes).

The IRC's aggregate per annum compensation (exclusive of expenses and taxes) is \$130,000.00. At least annually, the IRC reviews its compensation in a manner consistent with good governance practices, giving consideration to the following factors, among any other factors the IRC considers important:

- The best interests of the Funds
- The number, nature and complexity of the Funds
- The nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member
- Industry best practices, including industry averages and surveys on IRC compensation
- The IRC's most recent annual self-assessment, as well as, any recommendations about IRC compensation and expenses made by the Manager

Indemnity

No indemnities were paid to the IRC members by the Funds during the reporting period.

Conflict of Interest Matters

The IRC is not aware of any instance in which the Fund Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation.

The IRC is also not aware of any instance in which the Fund Manager acted in a conflict of interest matter during the reporting period but did not meet a condition imposed by the IRC in its recommendation or approval.

The following is a brief summary of the recommendations and approvals the Fund Manager relied upon during the period.

Approvals

In accordance with the requirements of National Instrument 81-102 and 81-107, the IRC has provided approval by way of a standing instruction for each Fund in respect of the following activities. The Fund Manager relied on these standing instructions which required it to comply with its related policy during the reporting period:

1. *Inter-Fund Trading* addresses the potential conflicts of interest that could arise when a Fund purchases securities directly from or sells securities directly to another fund managed by the Fund Manager or by an affiliate of the Fund Manager in the normal course. The policy sets out requirements to ensure that any monetary advantage gained for one fund is not to the detriment of the other fund.
2. *Investments in Related Party Securities* addresses the potential conflicts of interest that could arise regarding the price or other terms where a Fund is purchasing an investment in an entity that is a related party to the Fund or the Fund Manager.

3. *Mortgage Fund Self-Dealing* addresses the potential conflicts of interest that could arise when a Fund purchases mortgages from or sells mortgages to HSBC Bank Canada or other affiliates of the Fund Manager. It does so by incorporating the requirements set out in the relief orders of securities regulatory authorities with regard to procedures and reporting and requiring that all such purchases or sales be consistent with or necessary to meet the investment objectives of the Fund.
4. *Principal Trading in Securities* addresses the potential conflicts of interest that could arise regarding the price at which securities are bought or sold in situations where a Fund trades in securities with a related party to the Fund Manager who is acting a principal.
5. *Purchases of Securities Underwritten by a Related Entity* addresses potential conflicts of interest that could arise when making investment decisions for the Fund should the Fund Manager or the portfolio advisor to the Fund favour securities which benefit an affiliate of the Fund Manager who has underwritten the offering of the security, either in whole or in part.
6. *Trades between Funds and Managed Accounts* addresses the potential conflicts of interest that could arise when a Fund purchases securities directly from or sells securities directly to a separate fully managed account (a “Managed Account”) managed by the same portfolio advisor as the Fund. The policy sets out requirements to ensure that any monetary advantage gained for the Managed Account is not to the detriment of the Fund.

Recommendations

The IRC has provided a recommendation by way of a standing instruction in respect of the following policies. The Fund Manager relied on these standing instructions which required it to comply with its related policy during the reporting period:

1. *Best Execution* addresses the potential conflict of interest where the Fund Manager could have an economic incentive to execute trades in and out of the Funds at other than the best available price or execution.
2. *Expense Allocation* addresses the potential conflicts of interest that could arise where the Fund Manager has an economic incentive to maximize expenses that the Funds pay directly or allocate expenses amongst the Funds in a manner that unfairly affects one or more Funds.
3. *Fair Allocation* addresses the potential conflicts of interest that could arise where the Fund Manager has an economic interest in favouring one Fund over another or favouring another of its clients over the Funds when allocating investment opportunities.
4. *Fair Valuation* addresses the potential conflict of interest that could arise should the Fund Manager have an economic incentive to value Fund assets in a manner unfavourable to the Fund.
5. *Gifts and Entertainment* addresses the potential conflict of interest that could arise where employees of the Fund Manager may have a personal economic incentive to accept gifts and entertainment in the performance of their duties as they relate to the Funds which could result in the employee performing their duties and making decisions based on factors other than the best interests of the Funds.

6. *Net Asset Value (NAV) Error Correction* addresses the potential conflict of interest that could arise where the Fund Manager could derive an economic benefit from correcting any NAV errors that occur in a manner unfavourable to a Fund.
7. *Personal Trading* addresses the situation where the Fund Manager's employees have access to the Funds' investment programs, giving rise to a potential conflict between the employees' own self-interest and that of the Funds.
8. *Proxy Voting* addresses the potential conflict of interest where the Fund Manager could have an economic incentive to vote proxies in relation to securities held by the Funds in a manner that favours the interests of the Fund Manager or its affiliates at the expense of the Funds.
9. *Related Party Transactions* addresses the potential conflict of interest that could arise where the Fund Manager has an incentive to contract with a related party for goods and services related to the Funds on terms and conditions that are less favourable than market terms and conditions and to the detriment of the Funds.
10. *Sub-Advisor Oversight* addresses potential conflicts of interest facing sub-advisors to the Funds which could become conflicts of the Fund Manager. To ensure that potential conflicts of interest are effectively managed where the Fund Manager performs monitoring of the services provided by sub-advisors to the Fund.
11. *Use of Client Brokerage Commissions* addresses potential conflicts of interest which could arise regarding (i) broker selection and (ii) goods and services received from the broker in exchange for commissions paid by the Fund.

During the reporting period, the IRC also provided a positive recommendation to the Fund Manager to change the trustee for the HSBC Pooled Funds from HSBC Trust Company (Canada) to the Fund Manager.

HSBC Funds

Mutual Funds:

HSBC Canadian Money Market Fund
HSBC U.S. Dollar Money Market Fund
HSBC Mortgage Fund
HSBC Canadian Bond Fund
HSBC Global Corporate Bond Fund
HSBC Emerging Markets Debt Fund
HSBC Monthly Income Fund
HSBC U.S. Dollar Monthly Income Fund
HSBC Canadian Balanced Fund
HSBC Dividend Fund
HSBC Equity Fund
HSBC Small Cap Growth Fund
HSBC Global Equity Fund
HSBC Global Equity Volatility Focused Fund
HSBC U.S. Equity Fund
HSBC European Fund
HSBC AsiaPacific Fund
HSBC Chinese Equity Fund
HSBC Indian Equity Fund
HSBC Emerging Markets Fund
HSBC BRIC Equity Fund

HSBC World Selection Diversified Conservative Fund
HSBC World Selection Diversified Moderate Conservative Fund
HSBC World Selection Diversified Balanced Fund
HSBC World Selection Diversified Growth Fund
HSBC World Selection Diversified Aggressive Growth Fund

HSBC Wealth Compass Conservative Fund
HSBC Wealth Compass Moderate Conservative Fund
HSBC Wealth Compass Balanced Fund
HSBC Wealth Compass Growth Fund
HSBC Wealth Compass Aggressive Growth Fund

Pooled Funds:

HSBC Canadian Money Market Pooled Fund
HSBC Mortgage Pooled Fund
HSBC Canadian Bond Pooled Fund
HSBC Global High Yield Bond Pooled Fund
HSBC Global Inflation Linked Bond Pooled Fund
HSBC Emerging Markets Debt Pooled Fund
HSBC Dividend Pooled Fund
HSBC Canadian Equity Pooled Fund
HSBC Canadian Small Cap Equity Pooled Fund
HSBC U.S. Equity Pooled Fund
HSBC International Equity Pooled Fund
HSBC Emerging Markets Pooled Fund
HSBC Global Real Estate Equity Pooled Fund