Market Update

Problems persist, but better days ahead

11 October 2021

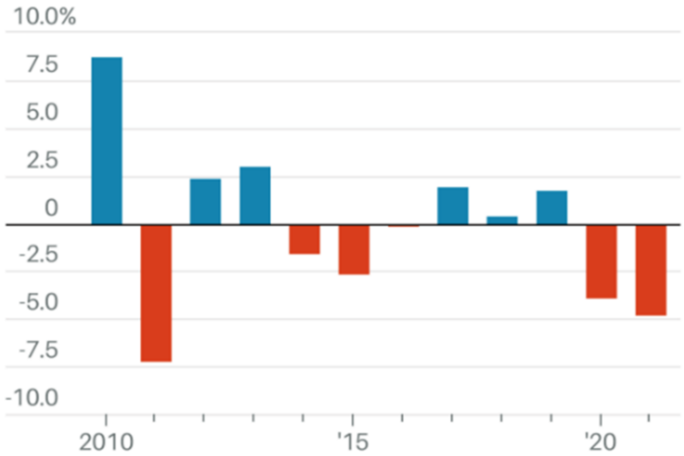
Following poor September performance, what's in store for US equities? The US economy is now in the mid-cycle phase and investors should focus on quality companies that possess the ability to generate sufficient cash flows and maintain their margins. As growth slows, price/earnings multiples have declined somewhat and volatility has naturally picked up. We are now entering the earnings season, and we expect numbers to slow, but still be solid enough to help support performance in coming months. The inflation outlook will remain key, with the hope that inflation will normalize in 2022 as supply rises to meet demand. We point out that we are still in the mid-cycle stage, and not the end of the cycle and the reopening of the American and global economies remains on track, albeit at slower growth rates.

- This was the worst September in years, as slowing economic growth and a deceleration of positive earnings momentum combined with stubbornly high inflation are causing equity markets to reconsider valuations.
- Headline employment was below consensus in September but seasonal vagaries and revisions to the data suggest labor markets are stronger that the figures may suggest.
- After an exceptional Q2 earnings season, Q3 numbers should be lower, but still very healthy as economic growth remains above trend. We think that inflation may have peaked, and this suggests margins and earnings should remain supportive of US equities.
- The debt ceiling has been extended, which should come as a relief to the market as it may help cap Treasury yields, and ultimately bring them down again. The next battle is now on President Biden's reconciliation bill. It seems likely that a compromise will be reached and the debt ceiling will be extended further. The $3.5 trillion package may be cut to $2 trillion to get the required votes.
- Volatility may remain throughout the earnings season as markets adjust to the new fundamentals, but with fundamentals remaining quite positive, we still foresee upside for equities in coming months and into next year. To manage the uncertainty, we focus on quality companies.

September was a difficult month for US financial markets as the economy continues to transition into a new paradigm for investors. After emerging from the Covid recession, the economy and markets became accustomed to a period of very high growth. That has been supplanted by a second round of Covid cases with the Delta variant, much slower economic activity in the third quarter, and persistently high inflation. Moreover, as the growth rate for the economy and corporate profits peaked in the second quarter valuations must be adjusted to reflect the new fundamentals. As a result, we look to diversify allocations and focus on quality investments where growth and steady cash flow creation is evident. The good news is that the prospects for inventory rebuilding, economic growth, and labor market strength remain positive.

The stock market has its worst September since 2011 when Europe's debt crisis slammed markets

S&P 500's September performances



Source: Fact Set as of 10 October 2021. Past performance is not a reliable indicator of future performance.

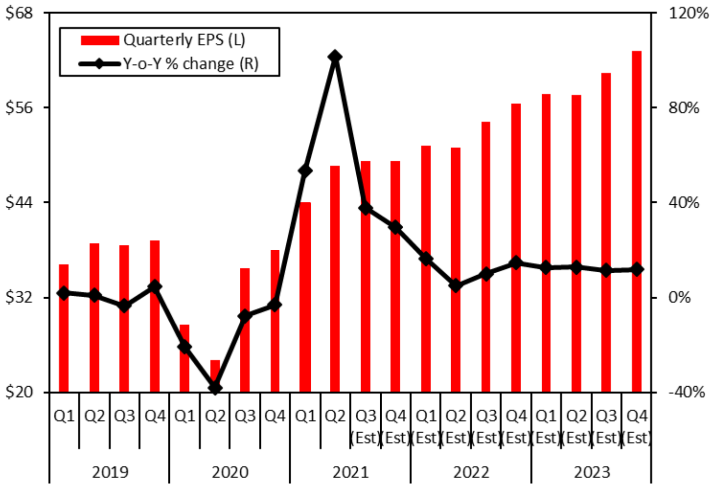
Employment gains slowing

The headline payroll employment data disappointed in September as the US economy only created 194,000 new jobs. Consensus expectations were for a gain of 500,000 new jobs. However, if we include the revisions for the prior two months, which totaled 169,000 jobs, the level of US employment was actually higher by 363,000 jobs. Covid factored into this employment report in many ways. On the positive side, the unemployment rate fell more dramatically as federal extended unemployment programs ended in the first week of September which likely contributed to many workers returning to work. In part, this led to the decline of 0.4% in the unemployment rate to a level of 4.8% in September. On the negative side, in August and September many states issued new Covid-based regulations based on Covid vaccination status and other health-related issues which may have limited employment gains or resulted in job cuts.

In addition, there was a seasonal quirk in the September data which resulted in a large decline in educational employment in the local government sector in September. Seasonally adjusted local government educational employment posted a decline of 144,000 jobs. Not seasonally adjusted, the US economy actually added 718,300 jobs in that sector during that month. Keep in mind that not all US schools are fully reopened which may have limited the number of local educational workers hired by the government in this new school year. If we simply netted out this decline, the total job creation in September would have been for a gain of 507,000 jobs - which was in line with the consensus estimate. We do not believe this report was weak, and more significantly, it should not affect the Fed's decision on tapering or monetary policy. The normalization of labor markets to more subdued growth rates is neither surprising nor alarming.

Earnings growth is expected to stay solid

S&P 500 quarterly earnings



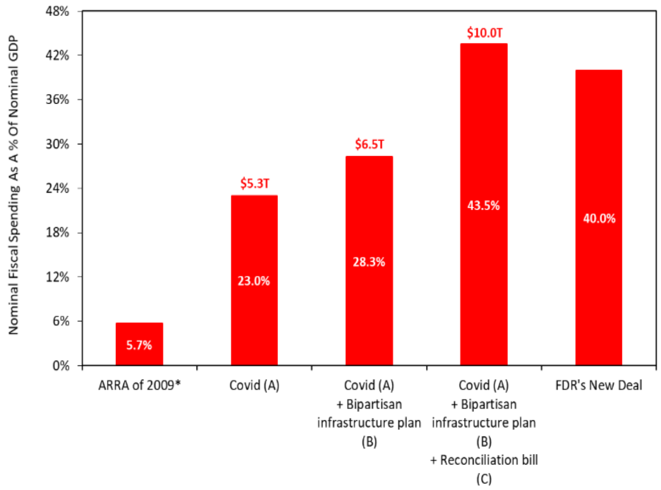
Source: Bloomberg, HSBC Private Banking as of 10 October 2021.

Earnings still strong

The third quarter earnings season is about to begin which may keep volatility elevated for US equity investors. After the second quarter earnings season it is pretty clear that we are past the peak in the growth rate for US corporate earnings for this business cycle. That said, US corporate earnings are still going to rise at a very rapid rate in the next few quarters. As we begin this earnings season consensus estimates suggest that US corporate earnings could rise by 38% on a year-over-year basis followed by a 30% year-over-year rise in corporate earnings in the fourth quarter. Obviously, this is nowhere near the gains seen in the second quarter but given the slowdown in the economy and the stubbornly high inflation these are still strong gains for corporate profits. Looking ahead, corporate earnings are currently forecast to rise between 12 and 15% per year for the next two years. This does not include any potential drag from an increase in corporate tax rates which may accompany the new fiscal budget, but it is important to remember that with fully refundable tax credits the net effect on earnings will be lower than the gross tax increase announced.

While the growth in earnings is slowing, US corporate balance sheets remain healthy and cash generation looks strong. As the economy rebounds from the third-quarter Covid-related weakness, we expect economic activity and corporate profits estimates to rebound accordingly. On the inflation front, as supply continues to rise to meet demand, we expect inflation rates to normalize. This combination suggests to us that corporate profits growth may exceed current forecasts while inflation should decline, which suggests continued healthy gains for corporate profits over the next few years. That would continue to be positive for US equity market valuations.

Biden's proposed fiscal stimulus plans total $10 trillion, or 43.5% of GDP, which exceeds FDR's New Deal in the 1930s



Source: Federal Reserve Bank of St. Louis, HSBC Private Banking as of 8/12/2021. Past performance is not a reliable indicator of future performance.

Political headwinds

Financial market participants have focused on Washington as a cause for concern. The outlook for monetary policy seems clear as tapering is likely coming in November and markets worry that a potential rate hike could already be in the cards in the second half of next year. On balance, however, the Fed remains accommodative and supportive of a growth agenda. Fiscal policy, however, remains in flux and may keep volatility levels elevated. There are several issues that remain concerning for financial markets. First is the debt ceiling. The good news is that a near-term compromise has been reached so the nation's borrowing limit can be lifted by $480 billion and the deadline has been extended further to December 3, 2021. This means the Treasury may continue to borrow to fund the government and pay the federal government's debts. Obviously, before that date a new agreement must be reached to extend the debt ceiling once again to accommodate the budgetary needs for the new fiscal year.

The next issue is the reconciliation bill. The Biden administration is looking to put together a $3.5 trillion, 10-year package that would expand spending on education, healthcare, and childcare support. They would also introduce investments in both physical and human infrastructure focused on the digital economy, alternative energy, and the climate crisis. Given the prevailing power dynamics in Congress it seems highly unlikely that the Biden administration will get the package it wants. Even moderate Democrats have suggested that a smaller plan, along the lines of $2 trillion, might be more palatable. While the infighting may continue it seems highly unlikely that this will devolve further and leave Washington in a sequestration process like we saw a few years ago. A compromise agreement could result in a reconciliation bill, and an extension of the debt limit through next year, which could provide some measure of fiscal stability for financial markets.

Investment Summary

As the global economy heads into the mid-cycle phase, investors should focus on **quality companies** that possess the ability to generate sufficient cash flows and maintain their margins. In this slower growth phase look for investors to re-price equities to reflect current market conditions, and we have seen Price/Earnings ratios decline somewhat already while earnings continue to drift up. In the next few months, the inflation outlook will remain important to equity investors, especially as they look ahead to 2022 with the hope that inflation will subside as supply rises to meet demand. In addition, the shifts in domestic policy in the US may result in changing fundamentals surrounding tax rates and a host of other issues. Finally, as the business cycle matures look for central banks, led by the US Federal Reserve, to begin to normalize policy as well. Again, this new reality could cause equity investors to re-price portfolios. Longer-term, we remain focused on the fundamentals in the US economy and financial markets which continue to point to above-trend economic growth, healthy corporate profit gains, low interest rates, and subdued inflation. It is this longer-term perspective that suggests that equities should continue to perform well in the next few years which allows us to **keep our US equity overweight in place**. For fixed income investors, low rates should remain in place but with continued volatility. Investors should focus on quality investments but look to extend risk where appropriate to improve potential returns. This allows us to continue to **overweight US high yield and EM bonds**, but of course with a selective approach. Finally, we must remember that we are at the mid-cycle stage, and not at the end of the cycle, and the reopening of the American and global economies remains on track, albeit at slower growth rates. Investors should also be mindful of the multi-year technology rollout that is just beginning which should lift investment spending, job creation, and corporate profitability.

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.

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 is subject to local requirements (if any)

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 Intermediary and Investment Business. In Jersey, this material is 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. 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.

In France, this material is distributed by HSBC Europe Continental. HSBC Private Banking is the private banking department of the HSBC Group in France. HSBC Europe Continental 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 department of HSBC Continental Europe, Public Limited Company with share capital of 491,155,980.00 €- 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 Europe Continental – Registered office: 38, avenue Kléber 75116 Paris- FRANCE- 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 Abu Dhabi Global Markets (ADGM), this material is distributed by HSBC Bank Middle East Limited, ADGM Branch, 3526, Al Maqam Tower, ADGM, Abu Dhabi, which is regulated by the ADGM Financial Services Regulatory Authority (FSRA). Content in this material is directed at Professional Clients only as defined by the FSRA and should not be acted upon by any other person.

In Dubai International Financial Center (DIFC), this material is distributed 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 handed out by HSBC Financial Services (Lebanon) S.A.L. ("HFLB"), 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.

The specific investment objectives, personal situation and particular needs of any specific persons were not taken into consideration in the writing of this document. To the extent we are required to conduct a suitability assessment in Hong Kong 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 any suitability assessment 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, L-1160 Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier ("CSSF").

In the United States, HSBC Private Banking offers banking products and services through HSBC Bank USA, N.A. – Member FDIC and provides securities and brokerage products and services through HSBC Securities (USA) Inc., member NYSE/ FINRA/SIPC, and 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 https://www.privatebanking.hsbc.com/disclaimer/cross-border-disclosure for disclosure of cross-border considerations regarding your location of residence.

A complete list of private banking entities is available on our website, https://www.privatebanking.hsbc.com.