

Investment Management Services



Alert

Fund Manager HSBC Global Asset Management Ltd.

Date March 2016

Alert

IMS previously issued an i-Watch® Alert in November 2015 in regards to the departure of Guillermo Ossés, Managing Director and Head of Global Emerging Market Debt ('EMD') at HSBC. The rating of the Fund was downgraded to Increased Scrutiny due to concerns with turnover within the team at that time.

Subsequently, IMS issued an i-Watch® Notice in January 2016 following another change within the EMD team as Abdelak Adjriou, co-Portfolio Manager for the HSBC Emerging Markets Local Debt Fund departed the team in February.

On February 17th 2016, IMS met on-site with HSBC Global EMD team, including Mr. Nishant Upadhyay, the new Head of the team. The recent turnover has elevated the concerns in regards to the team stability and depth and the Fund has now been placed on-Watch.

Products Affected

Manulife HSBC Emerging Markets Debt Fund (GRS)

Impact

People

The HSBC EM Debt team is a dedicated 11-member team based in New York, which is composed of 6 portfolio managers, 3 portfolio engineers and 2 credit analysts following the departure of Mr. Ossés and Mr. Adjriou.

The investment team has gone through significant turnover over the last year, particularly the departure of Mr. Ossés. The more recent turnover has further elevated IMS concerns with the team's stability. IMS conducted an on-site due diligence meeting with HSBC in February and while the Fund's process remains intact, the experience level and expertise of the team has been impacted by the departures. Mr. Upadhyay is now also tasked with consistently implementing this process with a relatively new team, and only five months of experience with the firm, having joined HSBC in late 2015.

Closing Remarks

Following IMS' on-site meeting with HSBC, concerns with the stability of the team and the depth within the team remain. Due to the lack of proven track record of the new PMs and the short tenure of the new Head of the team within HSBC, the consistent execution of the team based investment process will need to be closely monitored. As a result, the Fund has been placed on-Watch and IMS will closely monitor the Fund going forward.

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