

# Investment Management Services



# Notice

**Fund Manager** HSBC Global Asset Management Ltd.

**Date** May 2016

## Notice

On May 10, 2016, HSBC has announced a change within the Global Emerging Market Debt ('EMD') investment team. Lisa Chua, Portfolio Manager for the HSBC Emerging Markets hard currency portfolios and responsible for EM corporates for HSBC's Global Credit strategies, will be leaving HSBC Global Asset Management in June 2016. Her responsibilities will be assumed immediately by the remaining members of the EM Debt team. HSBC will be looking to replace Ms. Chua with a new hire.

## Products Affected

Manulife HSBC Emerging Markets Debt Fund (GRS)

## Impact People

The HSBC EM Debt team is a dedicated 10-member team based in New York, which is composed of 5 portfolio managers, 3 portfolio engineers and 2 credit analysts following Ms. Chua's departure.

The investment team has gone through significant turnover over the last year, particularly the departure of the former Head of the team, Guillermo Ossés in November 2015. This was closely followed by the departure of Portfolio Manager Abdelak Adjirou in January 2016. The announcement of Ms. Chua's departure marks the team's fourth departure at the portfolio manager level within the last 12 months and again highlights the challenge the HSBC EMD team has faced in retaining experienced portfolio managers.

In February 2016, amid elevated concerns with the team's stability, IMS conducted an on-site due diligence meeting with the EMD team, including the new Head of the team, Nishant Upadhyay. While we are confident that the team will continue to apply the same team-based investment process, we have significant concerns with the team's stability going forward and the experience level and expertise of the relatively new team. In addition, due to Mr. Upadhyay's short tenure with HSBC (having joined HSBC in late 2015) and the lack of proven track record of the new PMs within the team, IMS feels that the consistent execution of the team-based investment process needs to be closely monitored.

## Closing Remarks

Following the on-site due diligence meeting in February, the Fund was placed on-Watch due to our significant concerns with the team's stability and the lack of depth to support the team-based investment process. Following Ms. Chua's departure, our significant concerns are further elevated and IMS will continue to closely monitor the Fund going forward.

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