

Investment Management Services



Alert

Fund Manager HSBC Global Aseet Management Ltd.

Date November 2015

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HSBC has announced on November 4, 2015 that Guillermo Ossés, Managing Director and Head of the Global Emerging Market Debt Portfolio Management team, will be leaving HSBC Global Asset Management in January 2016. His portfolio management responsibilities will be assumed by the other members of the EM Debt team. Nishant Upadhyay, Senior EM Debt Portfolio Manager, is overseeing the day-to-day activity and decision-making process on an interim basis.

Products Affected
Manulife HSBC Emerging Markets Debt Fund (GRS)

People
The HSBC EM Debt team is a dedicated 11-member team based in New York, which will be composed of 6 portfolio managers, 3 portfolio engineers and 2 credit analysts following Mr.Ossés' departure. Nishant Upadhyay joined the HSBC EM Debt team in September 2015 from PIMCO where he had worked for 11 years focusing on EM debt strategies, including 3 years as lead portfolio manager of developed & EM debt strategies. He had previously worked together with Mr. Ossés to develop the EM debt team at PIMCO.

Over the last two years, the HSBC EM Debt team has gradually built up an internal succession plan as both the portfolio management and engineer team has grown and two dedicated credit analysts have been added. The team has expanded from 7 members as at two years ago, to the current 11 members, excluding Mr. Ossés. The assets managed by the team have also grown from \$14.5 billion in September 2013 to USD\$21billion at present.

Mr. Ossés' departure follows the departure of portfolio manager Phil Yuhn in June 2015. Following Mr. Yuhn's departure, the firm hired Mr. Upadhyay as co-PM of the Total Return strategy, which combines the best ideas from all other strategies offered on the HSBC EM Debt platform.

Investment Process and Philosophy
The HSBC EM Debt strategies are managed with a team-based process whereby all members of the team are involved in research and contribute to portfolio construction.

The investment process is based on fundamental and valuation analysis. The team develops an estimated framework of beta and asset class targets that provide the context for portfolio construction from an array of investment ideas generated from the bottom up-by all members of the team within their areas of specialization.

This investment process is methodical and has historically been consistently applied, Mr. Ossés had a large role in formalizing the process upon joining the team in 2011.

Closing Remarks
IMS has discussed Mr. Ossés' departure with HSBC following its announcement and concerns exist with the continued turnover within the portfolio management team. IMS is recommending the Fund be placed under Increased Scrutiny due to the significance of Mr. Ossés role as head of Emerging Markets Debt within HSBC. The size and depth of the remaining team, including the emphasis placed on a team-based approach within the process does mitigate some concerns and emerging markets fixed income remains a core competency of the firm and has historically been well-supported. Further monitoring is required to ascertain if Mr. Ossés departure will have further impacts on the remaining team, process or philosophy of the Fund.

IMS is scheduled to meet with fund management on-site in the coming months to assess the impact of this event on the day-to-day management of the fund and will communicate if further concerns arise.

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