

HSBC Global Strategy Sustainable Portfolios

At a glance



For Professional Clients only. This is a marketing communication. Please refer to the prospectus and to the KIID before making any final investment decisions.

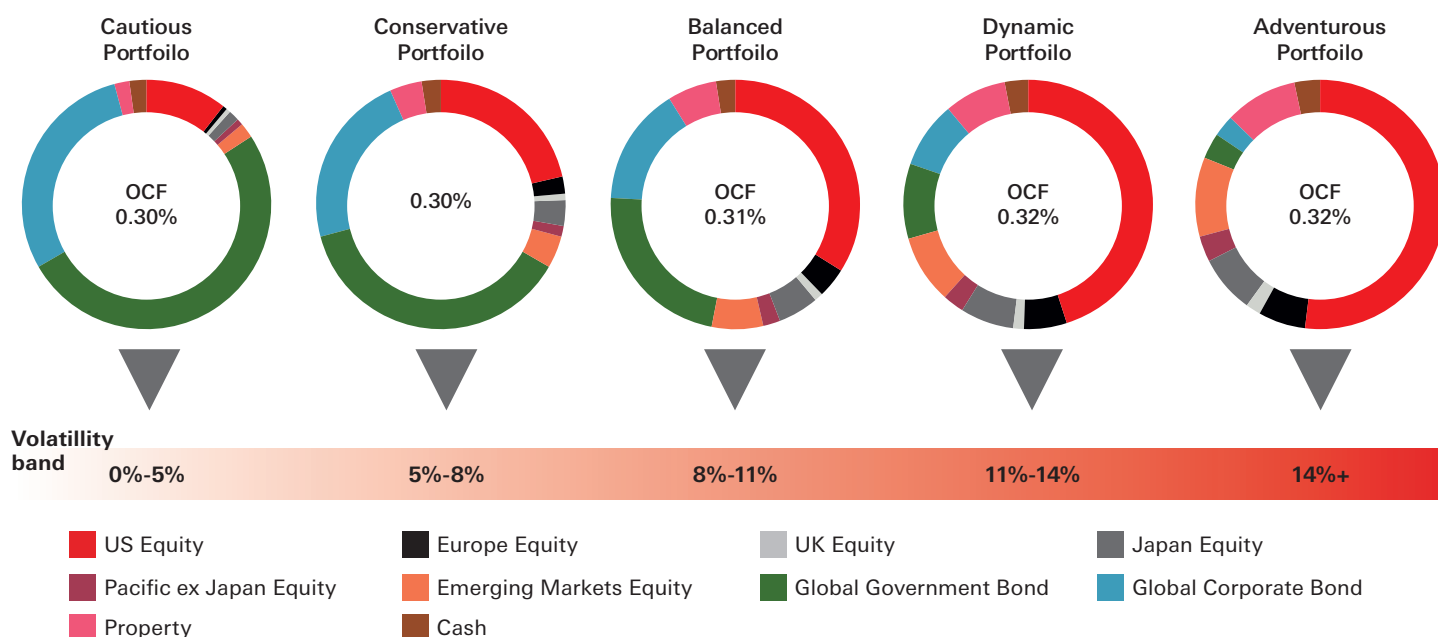
A sustainable, cost efficient range of portfolios

Five low cost sustainable multi-asset portfolios, with active asset allocation and passive fulfilment.

- ◆ Globally diversified across equities, government bonds, corporate bonds and property
- ◆ Invests in securities with strong sustainability characteristics¹
- ◆ OCFs range from 30 to 32 bps
- ◆ Suitable for investors across a range of risk and return objectives

The Global Strategy Sustainable Portfolios are actively managed. Any decision to invest should take into account all the characteristics or objectives of fund as described in the prospectus.

Portfolio asset allocation



Source: HSBC Asset Management, as at 30 November 2022. Pie charts for illustrative purposes only. Ongoing charges figure (OCFs) from 'C Acc share class' of the relevant fund, as at 31 October 2022.

1. These are defined as securities with a Higher ESG Score and a Lower Carbon Intensity

How do we build our portfolios

1. Long-term positioning



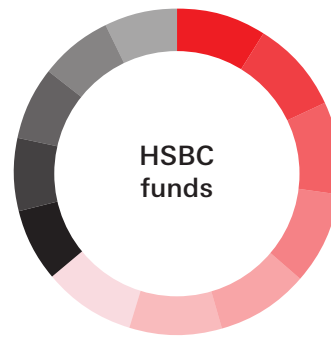
Long-term portfolio positioning aligned to investor risk profile

2. Asset positioning and adjustment



Asset allocations adjusted based on current market environment, investment outlook, and sustainability considerations

3. Portfolio creation

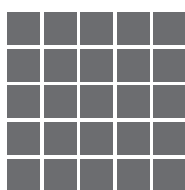


Fulfilled using HSBC funds to improve portfolio sustainability

What makes the portfolios sustainable?

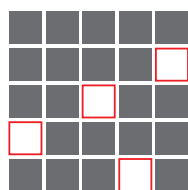
The portfolios predominantly use sustainable fulfilment vehicles. These vehicles improve sustainability outcomes versus standard passive strategies using three tools:

Standard Index



Index weighting used as Starting point

Tool 1: Exclusions



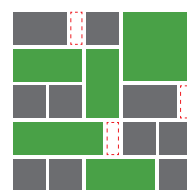
Sectors with worst sustainability characteristics removed

Tool 2: ESG Score Uplift



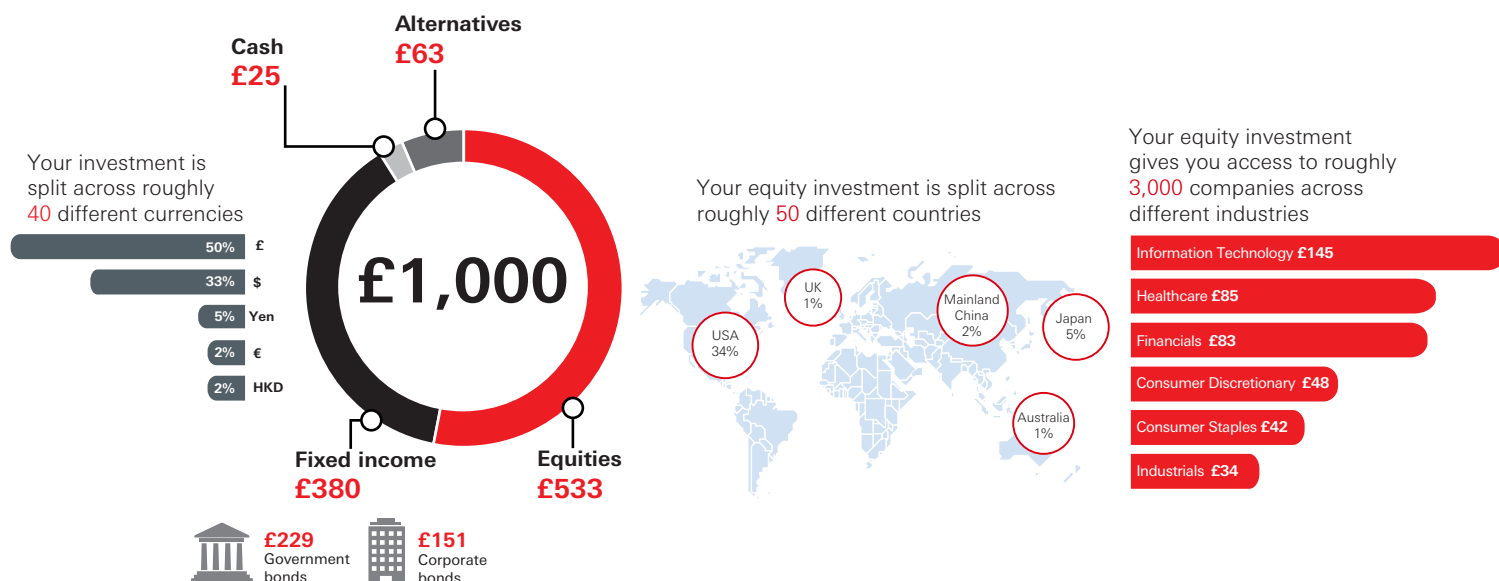
Company weights adjusted to improve ESG score

Tool 3: Carbon Reduction



Company weights adjusted to reduce carbon intensity

Where does your money go?



Source: HSBC Asset Management as at 30 November 2022. This is for illustrative purposes only. It is indicative of the portfolio holdings and not the actual holdings.*This includes all remaining countries which are not mentioned on the map. Differences due to rounding.

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Key risks

It is important to remember that the value of investments and any income from them can go down as well as up and is not guaranteed.

Counterparty Risk: The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.

Credit Risk: A bond or money market security could lose value if the issuer's financial health deteriorates.

Default Risk: The issuers of certain bonds could become unwilling or unable to make payments on their bonds.

Derivatives Risk: Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.

Emerging Markets Risk: Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

Exchange Rate Risk: Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.

Interest Rate Risk: When interest rates rise, bond values generally fall. This risk of this happening is generally greater the longer the maturity of a bond investment and the higher its credit quality.

Investment Fund Risk: Investing in other funds involves certain risks an investor would not face if investing in markets directly. Governance of underlying assets can be the responsibility of third-party managers.

Investment Leverage Risk: Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a

movement in the price of the reference source.

Liquidity Risk: Liquidity risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors

Operational Risk: Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things. For more detailed information on the risks associated with this fund, investors should refer to the prospectus of the fund.

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Under typical market conditions a minimum of 70% of HSBC Global Strategy Portfolios value will be invested in assets that form part of a sustainable investment strategy. The sustainable investment strategies will invest according to both (a) HSBC Asset Management's responsible investing policies[1]; and (b) at least one or more of the following strategies:

1. ESG Enhanced strategies – covers the following strategies that intentionally invest in companies based on relative ESG performance or momentum: Strategies that aim to invest in ESG improving companies (e.g. companies with an improving Carbon Intensity Rating or improving overall ESG scores); or Strategies that aim to deliver a specified outcome (e.g. having a better ESG score than a benchmark) by focusing on investments with a high ESG score; or Strategies that aim, through positive screening (best-in-class screening), to invest in sectors, companies or projects that are relatively more advanced in managing ESG risks/opportunities (e.g.

investing in companies with top performing ESG scores for their sector or in the investment universe); or Strategies that aim, through negative screening or norms-based screening, to exclude sectors or companies based on specific ESG criteria or against minimum standards of business practice based on international norms.

The percentage of a company's revenue that relates to excluded activities may be taken into account in determining whether the company meets the exclusion criteria.

2. Thematic – covers strategies investing in ESG related growth areas and trends, by seeking out companies or sectors that align with specific sustainable outcomes (e.g. climate change, clean energy, or demographics). This may include themes aligned with one or more United Nations Sustainable Development Goals and, depending on the theme, may be identified based on revenues that are generated from products or services related to such theme.
3. Impact investing – direct investing into companies, organisations and funds with the intention to deliver a direct, positive and measurable impact on society and/or the environment (e.g. green bonds, social impact bonds).

In accordance with HSBC Asset Management's responsible investing policies, sustainable investment strategies will not invest in companies considered to be involved in controversial weapons (i.e. those banned by international convention), including but not limited to cluster munitions and/or anti-personnel mines and/or biological weapons and/or blinding laser weapons.

Carbon Intensity Formula: $\Sigma(\text{current value of investment/current portfolio value}) \times (\text{issuer's Scope 1 and Scope 2 GHG emissions/issuer's \$m revenue})$ Carbon Intensity Methodology: Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach. Gross values should be used.

Company carbon data, can often be "partially disclosed", i.e. partial geographic coverage, or incomplete operational data. Trucost undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies. Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns.

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