

# HSBC Global Managed Portfolio Service Q1 Report



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**HSBC** Asset Management

Performance	Net Return (%)	Jan24	Feb24	Mar24	3-Month
	Global MPS Cautious	1.49	0.08	-0.60	0.97
	Global MPS Conservative	1.99	0.79	-0.16	2.63
	Global MPS Balanced	2.53	1.59	0.33	4.50
	Global MPS Dynamic	3.03	2.29	0.76	6.19
	Global MPS Adventurous	3.33	2.72	1.03	7.23

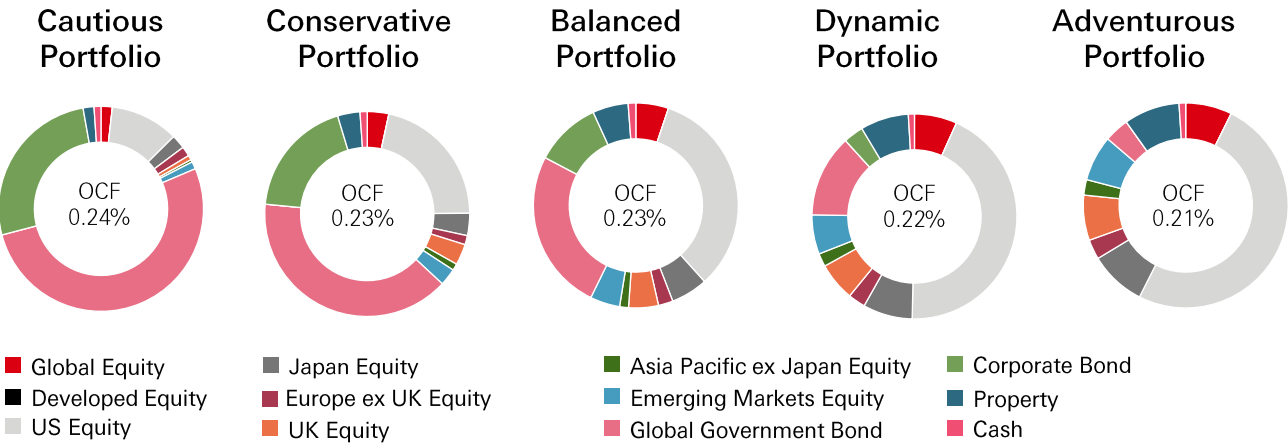
Market

The first quarter of 2024 was a strong period for portfolio returns. Favourable guidance by major central banks on potential rate cuts later this year, strong macro and high-frequency data releases, and a continued AI frenzy were the dominant themes that drove the market in Q1 2024.

Government and Corporate bonds were flat to slightly negative over the quarter in the “risk-on” environment and as some inflation data surprised to the upside.

The equity market rally was predominantly driven by tech-heavy markets such as the US, with strength from Japan and relative weakness from the UK and emerging markets. Property also underperformed developed market equities over the period.

Portfolio allocations



Past performance does not predict future returns. 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.

Source: HSBC Asset Management, March 2024. Pie charts for illustrative purposes only. Ongoing charges figure (OCFs) as at March 2024.

HSBC Global Managed Portfolio Service  
Made your financial goals reachable

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A range of risk-profiled multi-asset portfolios

The HSBC Global Managed Portfolio Service consists of five risk-profiled multi-asset portfolios. They are designed to match the diverse preferences and requirements of our clients to deliver long-term risk-adjusted returns across the market cycle.

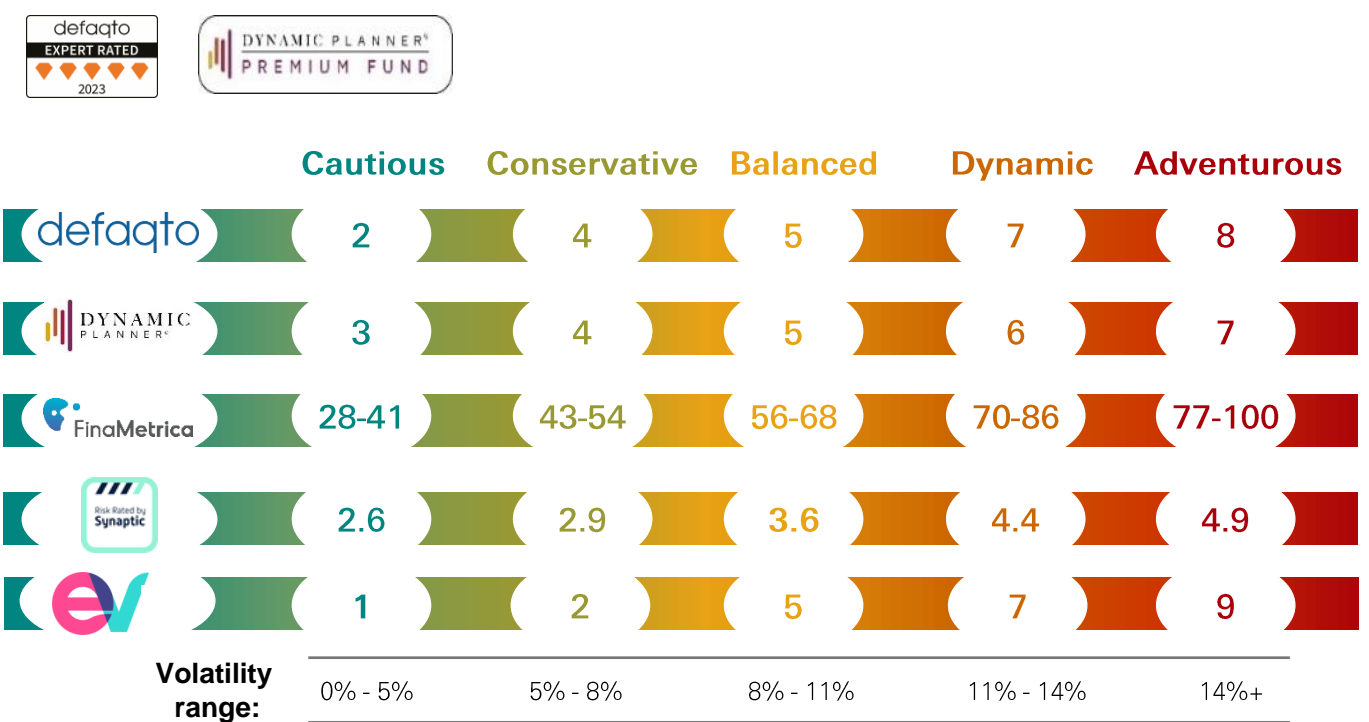
Focus on low-cost solutions

Each portfolio is globally invested, across developed and emerging markets, and holds exposure to equities, government bonds, corporate bonds, and property securities. To ensure we can deliver all of this in a cost-efficient way, our portfolios are actively managed using passive investment vehicles to keep costs low.

Broad expertise and resources

HSBC has a global team of investment professionals on-the- ground across the Americas, Europe, the Middle East and Asia as well as more than 79<sup>1</sup> professionals in London, Paris, Düsseldorf, Hong Kong and Vancouver focused specifically on the type of multi-asset investment Managed Portfolio Service our Global Managed Portfolio Service delivers.

1 Source: HSBC Asset Management as of September 2023.



Ratings should not be taken as a recommendation.

All risk ratings as at March 2024. The Defaqto 5 diamond logo relates to the Cautious, Conservative, Balanced, Dynamic and Adventurous portfolios. The Dynamic Planner Premium logo relates to Balanced portfolio only. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their 1-5 scale SAA rating. The EValue Risk Ratings is based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon.

# HSBC Global Managed Portfolio Service Market update

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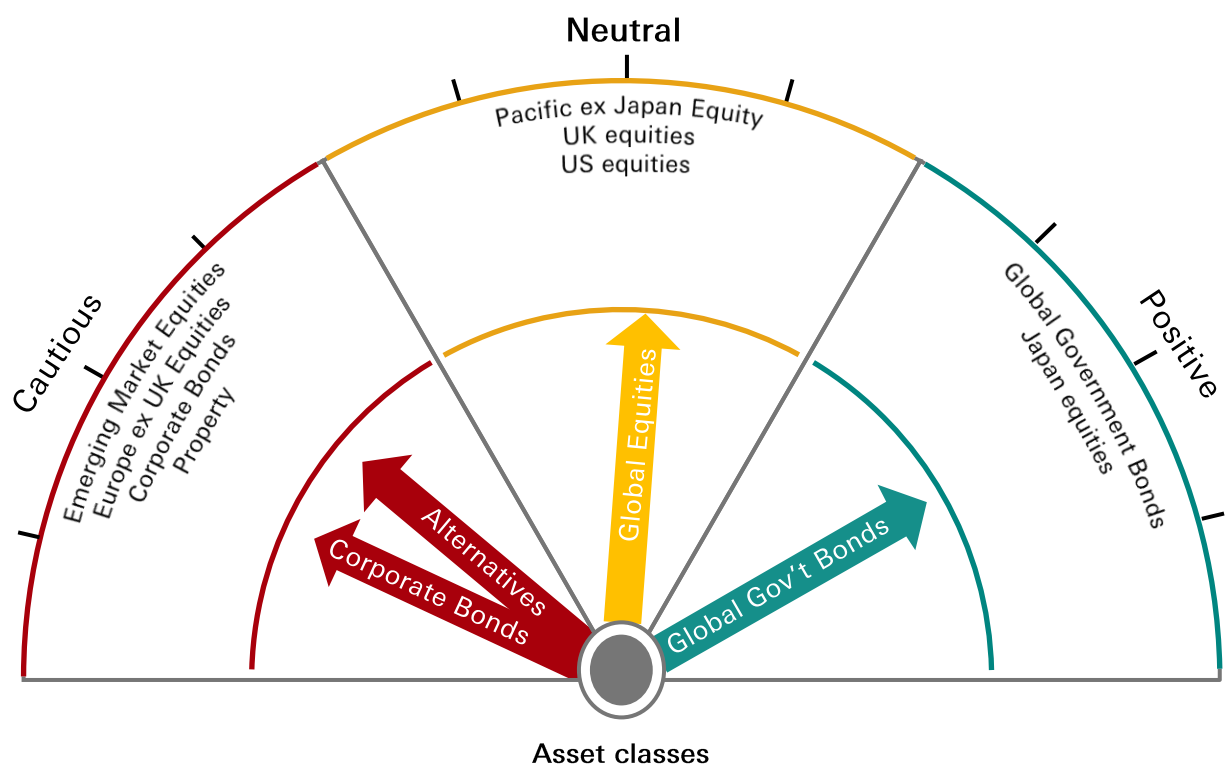
## Outlook

The likelihood of Western economies avoiding a recession this year is increasing although markets remain ‘priced for perfection’, and disappointment remains a key risk. We are cognisant that geopolitical uncertainty, upcoming elections and fiscal constraints might impact markets later in the year.

We expect the first interest rate cut from the Fed during the second half of 2024. The ECB and Bank of England are likely to follow the Fed. Lower government spending looks set to be a slight drag on growth in 2024 in Western economies, but we do not expect a return to 2010s-style austerity measures. We anticipate that Emerging market central banks will continue leading the global interest rates easing cycle, with cuts in Latin America and Emerging Europe. Asia central banks are likely to start cutting interest rates during second half of 2024. Government support in China remains measured and targeted.

In light of the above, we have moved portfolios to a neutral risk stance, although remain selective within our equity holdings where we are biased towards markets that we expect to demonstrate earnings resilience. Fixed income yields are at attractive levels, we are focusing our bond exposure on the regions we expect to be first movers in monetary easing e.g. Europe and the US, while remaining cautious on Japan.

## Our tactical views



Positive	Global Government Bonds	Yields continue to sit near multi-decade highs and the Fed is likely to cut interest rates in the later in 2024. Additionally, government bonds provide appealing downside protection in the case of a growth disappointment later this year
	Japan Equity	The outlook for Japanese stocks remains supported by a robust earnings outlook and attractive valuations. Corporate governance reforms have boosted sentiment, but cyclical exposure could be sensitive to a global growth slowdown
Neutral	UK Equity	Positive macro surprises have boosted sentiment, with expectations that rates will fall later in 2024, although this could be delayed by resurgent wage growth. The UK market also benefits from relatively cheap valuations
	US Equity	Positive momentum, robust earnings, and a strong economic picture are all supportive of US equity markets. Additionally, the US benefits from the Artificial Intelligence theme, which continues to be a cause of investor optimism
	Pacific ex Japan Equity	The region has delivered reasonable returns so far this year, however geopolitical risk weighs on the short term outlook. We see more attractive opportunities elsewhere
Negative	Emerging Markets Equity	Momentum in emerging markets remains poor, while Chinese policy uncertainty and concerns around the property market are weighing on the EM complex. Valuations look increasingly attractive, so we are keeping the region on watch
	Property	We remain selective with where we take risk in portfolios, resulting in our cautious stance on higher beta assets such as Property. We believe elevated interest rates could still feed through to yet higher borrowing costs for the sector
	Europe ex-UK Equity	Eurozone activity has been stagnating for over a year and any recovery is likely to be gradual given still restrictive policy rates. Within Europe we prefer Spain.
	Corporate Bonds	Corporate bond spreads are very tight, raising questions around whether investors are being sufficiently rewarded for the risk represented by the asset class.

# HSBC Global Managed Portfolio Service

## Portfolio positioning

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# Global Managed Portfolio Service asset allocation

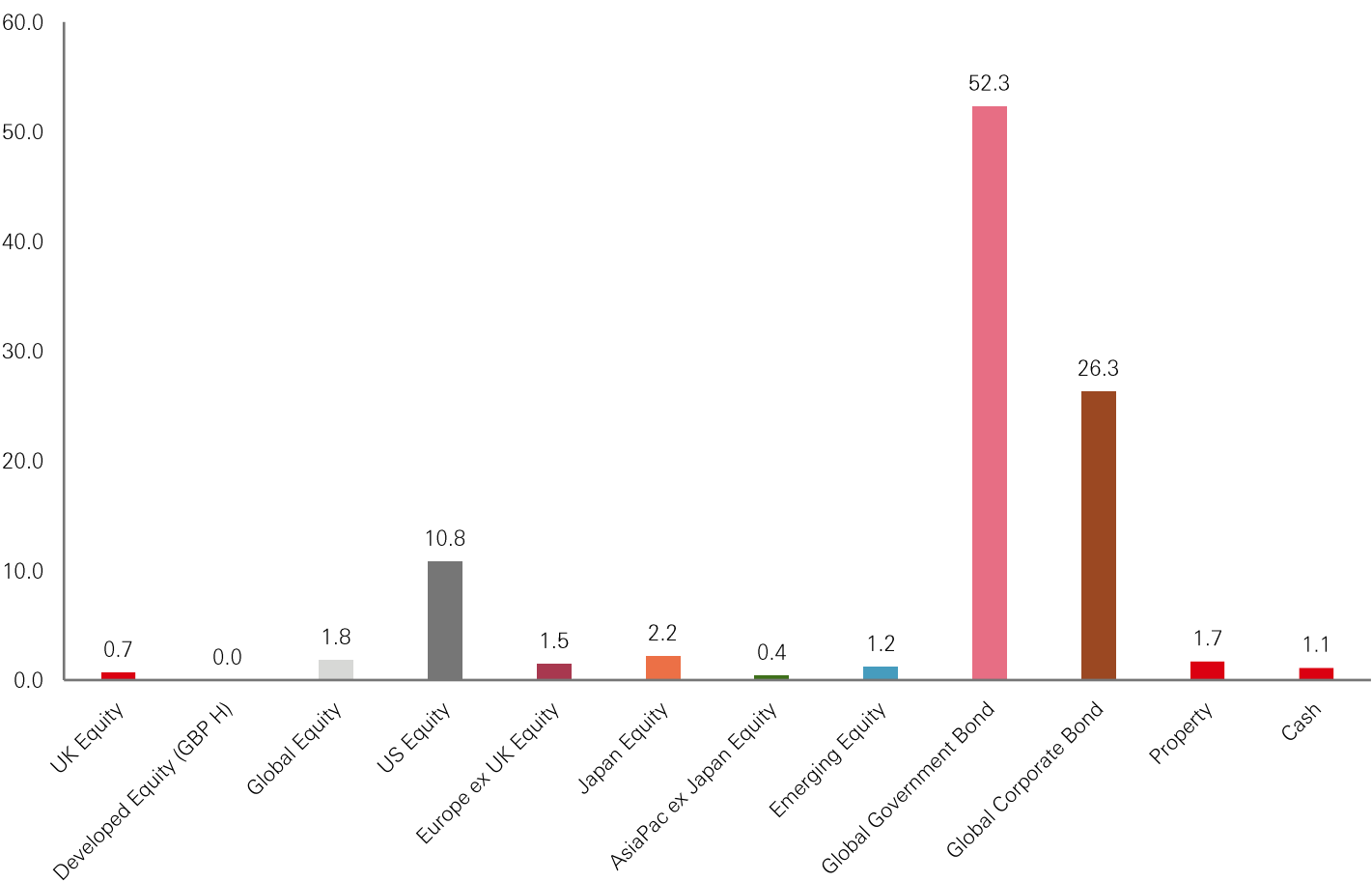
Asset Class	MPS Cautious		MPS Conservative		MPS Balanced		MPS Dynamic		MPS Adventurous	
	Long-term	Active	Long-term	Active	Long-term	Active	Long-term	Active	Long-term	Active
UK Equity	0.6%	0.7%	1.2%	1.4%	1.8%	2.3%	2.4%	2.7%	2.8%	3.1%
Developed Equity (GBP hedged)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equity	1.6%	1.8%	3.1%	3.4%	4.9%	5.2%	6.5%	6.7%	7.1%	7.3%
US Equity	10.7%	10.8%	21.5%	21.5%	33.6%	33.2%	44.3%	43.6%	51.3%	50.1%
Europe ex UK Equity	2.0%	1.5%	4.1%	3.5%	6.4%	5.8%	8.4%	7.8%	9.7%	8.9%
Japan Equity	0.9%	2.2%	1.8%	3.3%	2.8%	4.7%	3.7%	6.1%	4.2%	7.1%
Pacific ex Japan Equity	0.4%	0.4%	0.9%	1.1%	1.4%	1.4%	1.9%	2.1%	2.1%	2.4%
Emerging Equity	1.7%	1.2%	3.5%	2.7%	5.4%	4.7%	7.1%	6.2%	8.2%	7.2%
Total Equity	18.0%	18.6%	36.0%	36.9%	56.3%	57.2%	74.3%	75.2%	85.5%	86.2%
Global Government Bond	52.0%	52.3%	39.0%	39.6%	24.4%	25.5%	11.4%	13.0%	3.3%	3.9%
Corporate Bond	28.0%	26.3%	21.0%	18.8%	13.1%	10.4%	6.1%	3.2%	1.8%	0.0%
Total Fixed Income	80.0%	78.6%	60.0%	58.4%	37.5%	35.9%	17.5%	16.2%	5.0%	3.9%
Property	2.0%	1.7%	4.0%	3.5%	6.3%	5.6%	8.3%	7.6%	9.5%	8.8%
Total Alternatives	2.0%	1.7%	4.0%	3.5%	6.3%	5.6%	8.3%	7.6%	9.5%	8.8%
Cash	0.0%	1.1%	0.0%	1.1%	0.0%	1.2%	0.0%	1.0%	0.0%	1.1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Long-term allocation** – long-term reference allocation shaped by portfolio risk objectives and requirements.

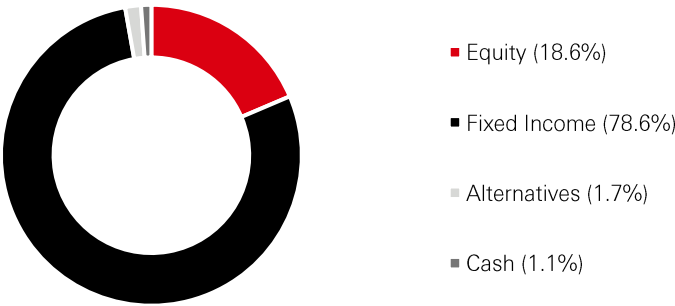
**Active allocation** – risk aware active positions against the portfolio’s neutral allocation, to capture shorter term investment opportunities.

Source: HSBC Asset Management, as at March 2024. Allocations may change without prior notice. Allocations may not add up to 100 due to rounding. Fixed income exposure is entirely hedged to GBP in all MPS portfolios. Approach to hedging non-GBP currency exposure from developed market equities differs between the portfolios, depending on the risk profile.

March asset allocation

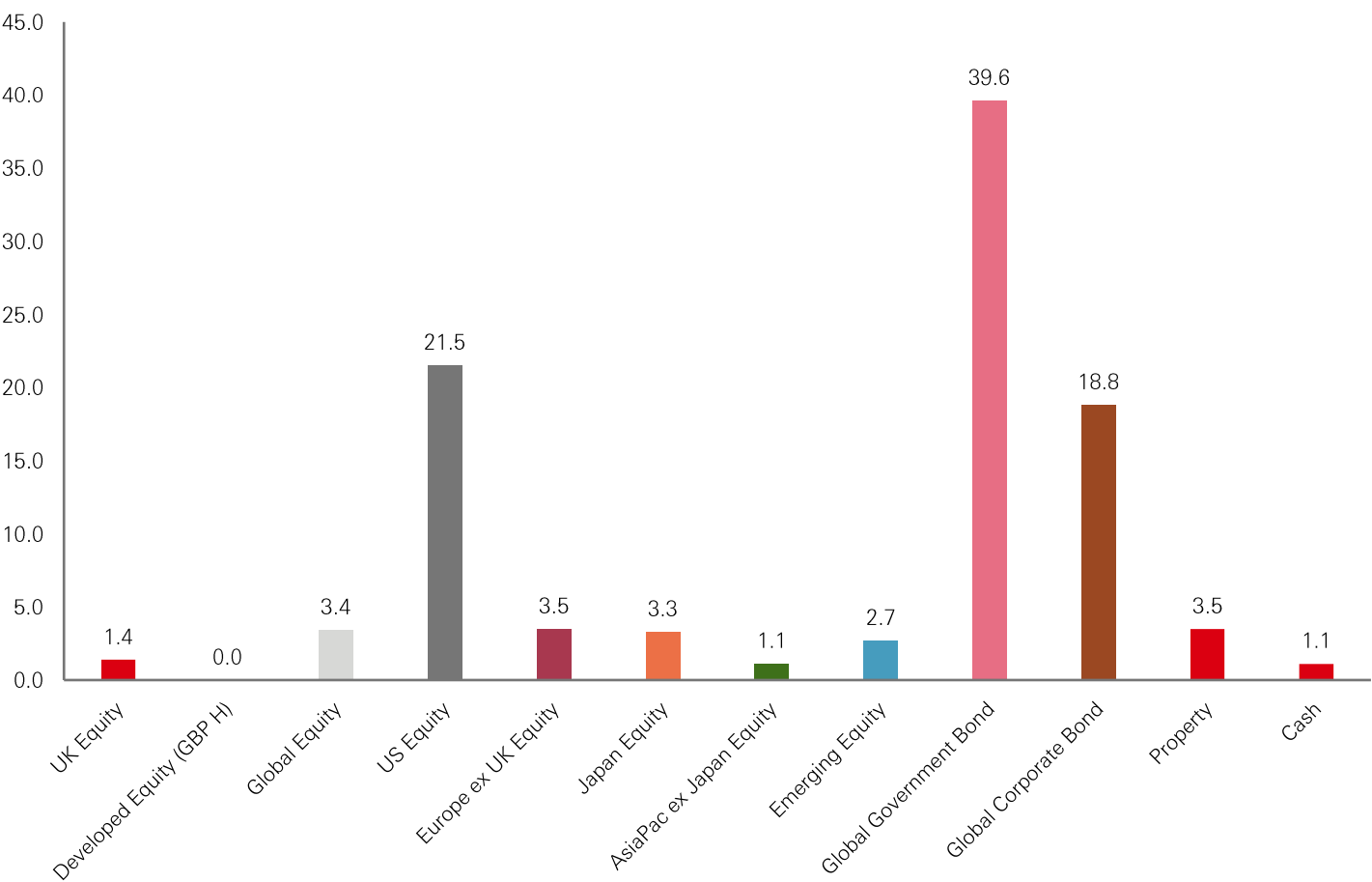


Portfolio objective	Aims to provide capital growth through cautious investment in a broad range of asset classes across global markets, with a bias towards fixed interest securities.
Target volatility range	0% - 5%
Ratings	<div><div>FinaMetrica Score Range 28-41</div><div>DYNAMIC PLANNER PROFILED 3</div><div>Synaptic Risk Rating 2.6 1-5</div><div>RISK RATING 2 defaqto</div><div>ev</div></div>
OCF	0.24%

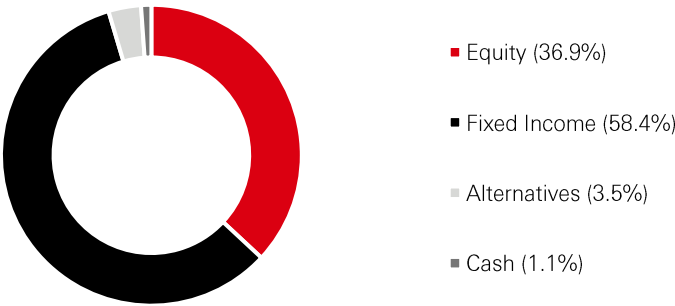


Please note that some numbers have been rounded up or down.  
OCFs as at March 2024, sourced from HSBC Asset Management of 'C acc share class' of the relevant fund.  
Source: HSBC Asset Management, All risk ratings as at March 2024. EValue Risk Ratings based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their SAA rating..

December asset allocation

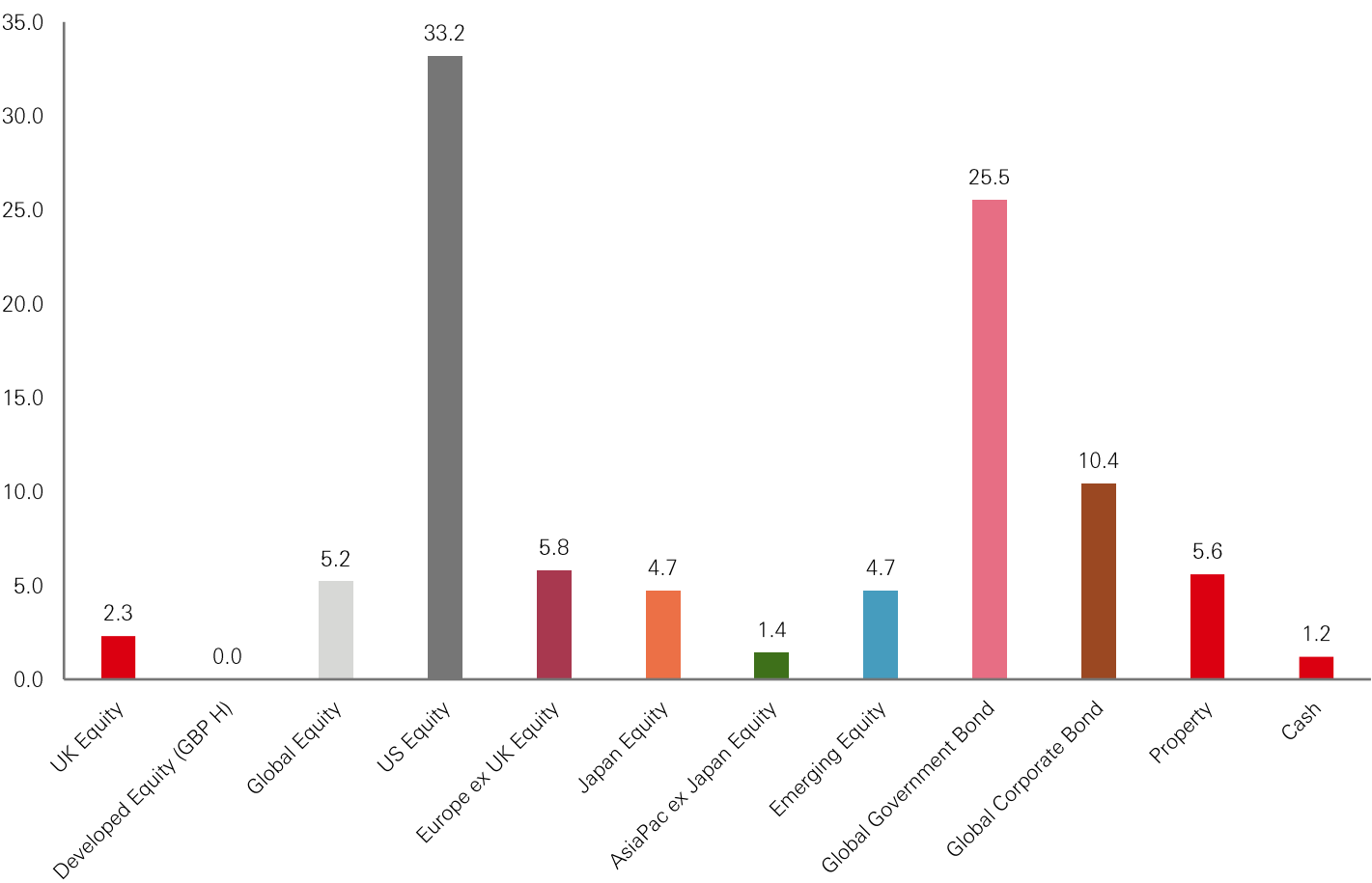


Portfolio objective	Aims to provide capital growth through diversified investment across global markets with a bias towards fixed interest securities
Target volatility range	5% - 8%
Ratings	<div><div>FinaMetrica Score Range 43-54</div><div>DYNAMIC PLANNER PROFILED 4</div><div>Synaptic Risk Rating 2.9 1-5</div><div>RISK RATING 4 defaqto</div><div>ev</div></div>
OCF	0.23%



Please note that some numbers have been rounded up or down.  
OCFs as at March 2024, sourced from HSBC Asset Management of 'C acc share class' of the relevant fund.  
Source: HSBC Asset Management. All risk ratings as at March 2024. EValue Risk Ratings based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their SAA rating.

December asset allocation



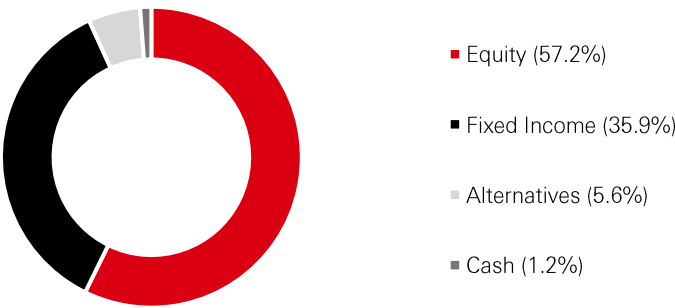
**Portfolio objective** Aims to provide capital growth through investment in a broad range of asset classes across global markets.

**Target volatility range** 8% - 11%

**Ratings**

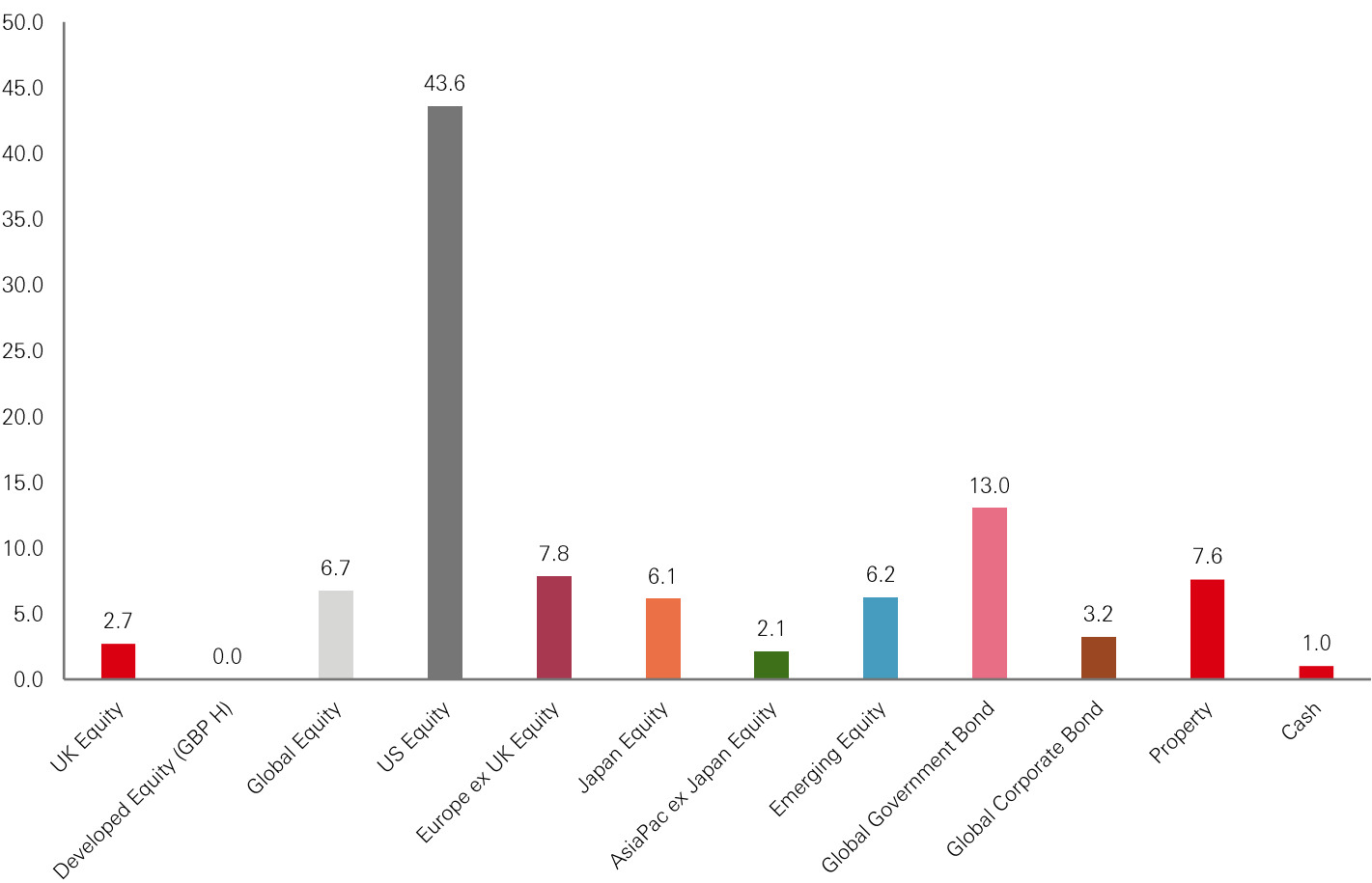


**OCF** 0.23%



Please note that some numbers have been rounded up or down.  
OCFs as at March 2024, sourced from HSBC Asset Management of 'C acc share class' of the relevant fund.  
Source: HSBC Asset Management. All risk ratings as at March 2024. EValue Risk Ratings based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their SAA rating.

December asset allocation



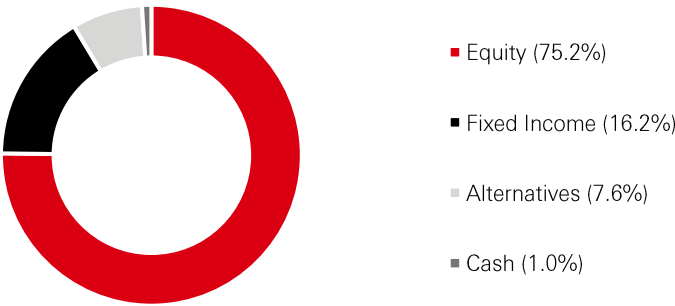
**Portfolio objective** Aims to provide capital growth through investment in a broad range of asset classes across global markets, with a bias towards equities.

**Target volatility range** 11% - 14%

**Ratings**

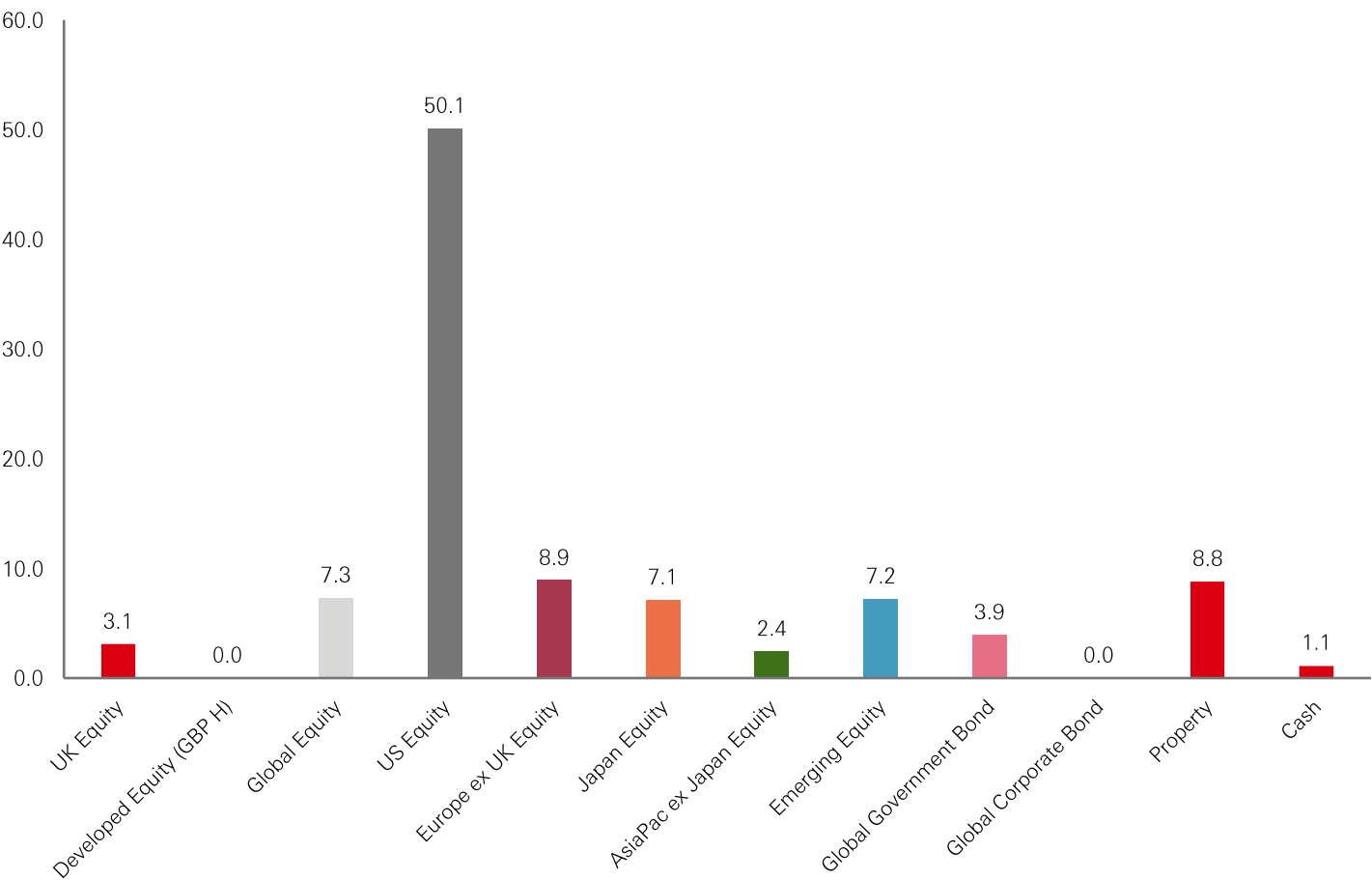


**OCF** 0.22%

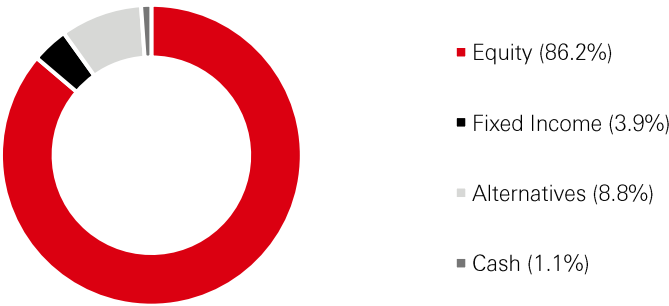


Please note that some numbers have been rounded up or down.  
OCFs as at March 2024, sourced from HSBC Asset Management of 'C acc share class' of the relevant fund.  
Source: HSBC Asset Management. All risk ratings as at March 2024. EValue Risk Ratings based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their SAA rating.

December asset allocation



Portfolio objective	Aims to provide capital growth through diversified investment across global markets with a bias towards equities.
Target volatility range	14%+
Ratings	<div><div>FinaMetrica Score Range 77-100</div><div>DYNAMIC PLANNER PROFILED 7</div><div>Synaptic Risk Rating 4.9 1-5</div><div>RISK RATING 8 defaqto</div><div>ev</div></div>
OCF	0.21%



Please note that some numbers have been rounded up or down.  
OCFs as at March 2024, sourced from HSBC Asset Management of 'C acc share class' of the relevant fund.  
Source: HSBC Asset Management All risk ratings as at March 2024. EValue Risk Ratings based on 1-10 scale data generated by Fund Risk Assessor on a 25 year time horizon. The FinaMetrica score refers to their 'ok risk' range. The Synaptic score refers to their SAA rating.

# HSBC Global Managed Portfolio Service

## Portfolio activity

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## Recent changes

- ◆ At the beginning of February, we sold the Developed Market equity GBP-hedged line, switching into unhedged European ex UK and emerging market equities, which resulted in a modest increase to USD exposure. We also added to global government bonds to reach our target weighting.
- ◆ Later in February, we switched some government bond exposure into corporate bonds and equities.
- ◆ In March, we added to developed market equities to move to neutral in equities. The near-term outlook has improved given a better macroeconomic backdrop.
- ◆ We also reduced UK equities back to neutral and added to the US, Japan and Europe to increase our overweight position in developed market equities relative to emerging markets.
- ◆ We made some small additions to property to move back to targets in the higher risk models (remaining underweight).
- ◆ To fund the equity purchases, we reduced global government bonds (remaining overweight).

## HSBC Global Managed Portfolio Service Performance

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Quarterly Performance Update

As equity markets delivered positive returns over the quarter, the Global Managed Portfolio Service portfolios captured the returns and rose in value with higher returns in the higher risk profiles. Conversely, fixed income returns were flat to slightly negative.

The Global Managed Portfolio Service Portfolios are actively positioned against a long-term strategic asset allocation and over the quarter, active positioning was slightly negative for performance. The primary detractor was our cautious risk positioning within equities that we held for most of the period. This was partially offset by our decision to be underweight in emerging market equities relative to developed markets which contributed to performance. Performance against ARC was very strong in the mid to higher risk profiles but weaker in the lowest risk profiles.

Cumulative returns net of fees (%)	3M	1Y	3Y	5Y
HSBC Global Managed Portfolio Service Cautious	0.97	5.96	-1.78	8.68
ARC Cautious	1.90	4.66	1.84	10.78
HSBC Global Managed Portfolio Service Conservative	2.63	9.24	5.61	21.50
ARC Balanced	3.01	7.31	6.00	18.14
HSBC Global Managed Portfolio Service Balanced	4.50	13.02	14.33	36.50
ARC Steady Growth	4.03	9.29	9.20	24.49
HSBC Global Managed Portfolio Service Dynamic	6.19	16.45	22.41	51.24
ARC Equity Risk	4.96	11.06	11.07	30.81
HSBC Global Managed Portfolio Service Adventurous	7.23	18.71	27.58	59.90

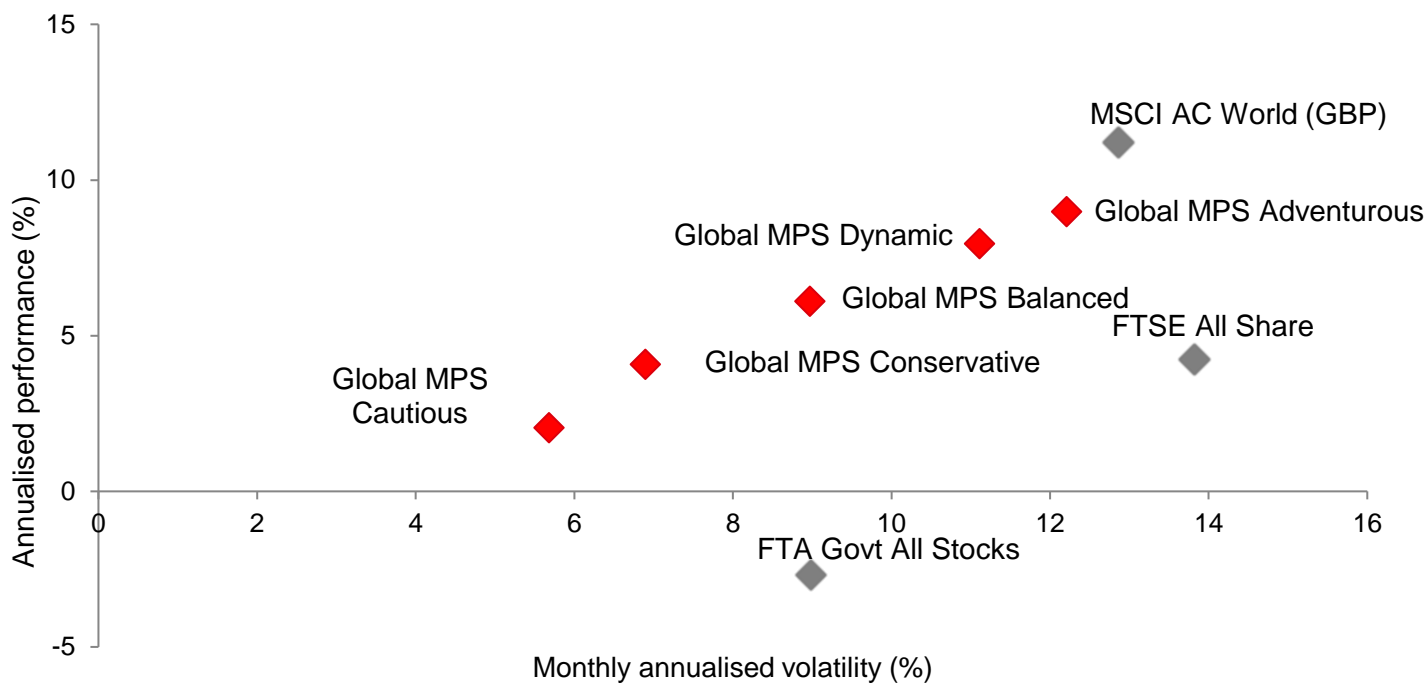
Source: HSBC Asset Management as at March 2024. Net of fees. The ARC numbers for January, February and March 2024 are estimates and may well change.

Discrete performance – rolling years	31.03.23 to 31.03.24	31.03.22 to 31.03.23	31.03.21 to 31.03.22	31.03.20 to 31.03.21	31.03.19 to 31.03.20	30.06.18 to 31.03.19
HSBC Global Managed Portfolio Service Cautious	5.96	-6.35	-1.01	8.05	2.40	3.36
HSBC Global Managed Portfolio Service Conservative	9.24	-5.96	2.80	15.05	-0.01	3.58
HSBC Global Managed Portfolio Service Balanced	13.02	-5.62	7.18	22.94	-2.89	3.04
HSBC Global Managed Portfolio Service Dynamic	16.45	-5.37	11.09	30.59	-5.39	2.73
HSBC Global Managed Portfolio Service Adventurous	18.71	-5.35	13.55	34.55	-6.86	2.59

Source: HSBC Asset Management, DataStream, March 2024. Net of fees.

Past performance does not predict future returns.

Since Inception Performance



Past performance does not predict future returns.

Above diagram is net of fees.

Since inception (net %)	Annualised net return <sup>1, 2</sup>	Annualised Volatility <sup>3</sup>	Net Sharpe Ratio <sup>4</sup>
Global MPS Cautious	2.04	5.68	0.08
Global MPS Conservative	4.08	6.90	0.36
Global MPS Balanced	6.11	8.97	0.51
Global MPS Dynamic	7.96	11.11	0.57
Global MPS Adventurous	8.99	12.21	0.61
MSCI AC World (GBP)	11.19	12.86	0.75
FTSE All Share	4.23	13.83	0.19
FTA Brit Govt All Stocks	-2.70	8.99	-0.47

Past performance does not predict future returns.

Source: HSBC Asset Management, as at 31 March 2024. Net of fees.

- 1. Global Managed Portfolio Service Portfolio returns are calculated from inception on 30 June 2018 to 31 March 2024, net of OCF, then annualised.
- 2. MSCI AC World and FTA British Govt All Stocks indices are in GBP, total return, from 30 June 2018 to 31 March 2024.
- 3. Volatility is based on monthly total returns, in GBP, annualised, from 30 June 2018 to 31 March 2024.
- 4. Sharpe Ratio calculated using net, since inception performance: Sharpe Ratio = (annualised net return – rfr) / annualised volatility, where rfr=1.57%

# HSBC Global Managed Portfolio Service

## Reasons to invest

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## 1 Dynamism in the asset allocation.

Global investment markets are ever changing and this state of constant flux renders simple 'set and forget' portfolios with static allocations unfit for purpose; a dynamic approach takes advantage of evolving opportunities to create value for investors.

## 2 Consistent, proven institutional processes.

HSBC Asset Management's processes are driven by their core investment view - that clear investment beliefs and a well-executed process are critical to delivering long-term value. Their global asset management team uses this philosophy along with expertise and tools to allocate and actively rebalance funds – creating portfolios that are consistent with all their institutional multi-asset solutions..

## 3 Truly globally diversified

HSBC Asset Management's portfolios do not have a home bias and therefore provide investors access to growth opportunities across the world, while also maximising the diversification benefit.

## 4 Focus on cost.

HSBC Asset Management's global reach provides economies of scale that help drive down costs charged to you. Also, because they primarily use HSBC funds, there is no management charge for these underlying funds. This means they have complete transparency of total charges, and one of the lowest cost actively managed portfolio solutions on the market

## 5 Experience and tools to help manage risk.

Risk comes in many forms and from places you might not expect. As a global asset manager with over 40 years of experience, HSBC Asset Management can spot and deal with potential hazards quickly. That is because their extensive in-house capabilities allow us to model and evaluate risk based on expert analysis using a wide range of data.

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**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.

**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 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.

**Further information on the potential risks can be found in the offering document.**

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