HSBC Global Sustainable Multi-Asset Portfolios

Investing for a more sustainable world

This is a marketing communication. Please refer to the prospectus and to the KIID of the Global Sustainable Multi-Asset Portfolios before making any final investment decisions.

HSBC Asset Management | Opening up a world of opportunity

Making a difference

Together with our clients, asset managers can help create a more sustainable world. At HSBC, we are creating responsible investment solutions to help our clients achieve their investment and sustainability goals

Why invest sustainably?

We believe the global shift towards sustainable investing means more opportunities.

We see a multi-decade investment opportunity where new technologies, business models and investment products will facilitate both wealth creation and sustainable outcomes in the long term.

Those companies best-positioned to deliver sustainable solutions stand to benefit, incentivising investors to pursue an investment strategy that explicitly considers sustainability.

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.

Please see our Jargon Buster on pages 8 & 9 for an explanation of some key investment terms.

How do we invest sustainably at HSBC?

Our approach to sustainable investing is to focus on companies and markets with better practices related to the following factors:

Environment	Social	Governance
How companies manage their waste, water use, pollution etc.	How companies engage with and impact their communities, labour practices etc.	How companies implement oversight and controls, for example how they determine executive pay and implement director diversity.

We utilise independent data and our own research to determine the level of sustainability of companies and markets. This allows us to assess ESG risks and opportunities in quantitative and qualitative ways.

Focus on ESG scoring

Environmental, Social and Governance (ESG) scores provide a way to measure the sustainability of a company, country, index or fund.

We consider how companies are making an impact on the environment; how they impact their employees, clients and communities; and how well they are governed or managed.

Companies that most effectively manage ESG practices can reduce the risk of negative consequences stemming from environmental, social or governance issues.

Focus on carbon footprint

We aim to reduce climate-related financial risk and invest in the growing opportunities of the low carbon economy.

We use carbon intensity as a measure of a company or country's contributions to greenhouse gas emissions relative to its size. We calculate this measure in tonnes of carbon dioxide equivalents (tCO2e) per USD million revenue.

By prioritising this in determining what we invest in, we are able to deliver a lower overall carbon intensity across our sustainable portfolios, relative to the market average.

The market average for ESG and carbon intensity scores are calculated from the holdings of relevant market indices for each asset class (equity, bonds, etc.) held in the portfolios.

Why do we use ESG scoring and carbon intensity to build our portfolios?

By focusing on ESG scoring and carbon intensity we can invest more heavily in sustainable companies and reduce our investments in less sustainable ones, whilst maintaining a broad stake across companies and markets. This ensures we maintain a diversified portfolio and that the portfolios are less exposed to individual company risks.

How does this affect our portfolios in practice?

Our Global Sustainable Multi-Asset Portfolios aim for a higher ESG score and lower carbon intensity when compared to the market average.

Here we highlight how that difference is achieved via the portfolio's holdings, by comparing some example equity holdings of our Global Sustainable Multi-Asset Balanced Portfolio to the MSCI global equity index.

HSBC Global Sustainable Multi-Asset Balanced Portfolio[1]

Position	Company
1	Microsoft Corp
2	Apple Inc.
3	Johnson & Johnson
4	Visa Inc
5	Cisco Systems Inc
6	NVIDIA Corp
7	**Trane Technologies PLC**
8	Taiwan Semiconductor Co Ltd
9	**Verisk Analytics Inc**
10	UnitedHealth Group Inc

MSCI AC World Market Index[1]

Position	Company
1	Apple Inc.
2	Microsoft Corp
3	Amazon.com
4	NVIDIA Corp
5	Alphabet Inc Class A
6	Meta Platforms Inc Class A
7	Alphabet Inc Class C
8	**Tesla Inc**
9	UnitedHealth Group Inc
10	Eli Lilly and Co

Social

Trane Technologies PLC

Trane Technologies is a top portfolio holding that manufactures heating, ventilation, air conditioning and refrigeration systems with a focus on sustainability.

It has a best-in-class ESG score in its industry group, with particular strength on the social pillar. Trane is a leader in training the next generation of talent and is an active promoter of workforce diversity, earning it numerous Best Employer awards.

Environmental

Verisk Analytics Inc

Although not found in the top 10 of the market, Verisk Analytics (an American multinational data analytics and risk assessment firm) is a top holding in the HSBC Global Sustainable Multi Asset Balanced portfolio.

The company works with its clients to help them understand and manage climate-related risk to their businesses, strengthen mitigation in local communities, and improve resiliency for all; it scores highly on both ESG score and Carbon Intensity reduction metrics.

Governance

Tesla

Whilst a top holding in the global equity index, Tesla is not a top holding in the HSBC Global Sustainable Multi-Asset Balanced Portfolio.

The Board is not majority independent, which raises issues around conflicts of interest, and there are concerns over the lack of transparent disclosure for succession planning of key people.

1. Source: HSBC Asset Management and MSCI, as at 30 November 2023. For information and illustrative purposes only and does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments.

How do we challenge companies to improve sustainability?

Our work doesn't stop when we invest in a company. We believe improving ESG practices can improve a company's resilience and returns. Our global scale puts us in a strong position to engage directly with the companies we invest in on behalf of our clients, to encourage best practices related to sustainability.

We do this through many methods, always following comprehensive ESG guidelines we've established. Where eligible, HSBC Asset Management votes on every share held in investment funds that we manage. A full report of our voting activity can be found on our website.

Example engagement with a British water utility company[1]

Background
The company has a profitable water franchise offering resilient returns to investors. However, we shared public concern over health risks and the ecological impact of sewage storm water overflows.

Desired action from the target
Demonstrate improved management of sewage spill risk via monitoring and organisational oversight and provide timely data to the public to ensure safe bathing. They should plan for long term investment projects to resolve underlying issue of weak infrastructure.

Engagement process
We met with the company to discuss the issue as well as the company's peers to understand more on leading practices, including the use of nature-based solutions to tackle the upstream storm flow challenge.

We wrote to the company to outline our concerns formally and met with OfWat (the regulator) to understand their expectations and how they see investors' role in resolving the issue.

Outcome and next steps
The company committed to speeding up the installation of sewage monitors and has outlined a long-term investment plan with greater storm flow management project spend.

We have committed to ongoing engagement to understand their work and press for quicker improvement.

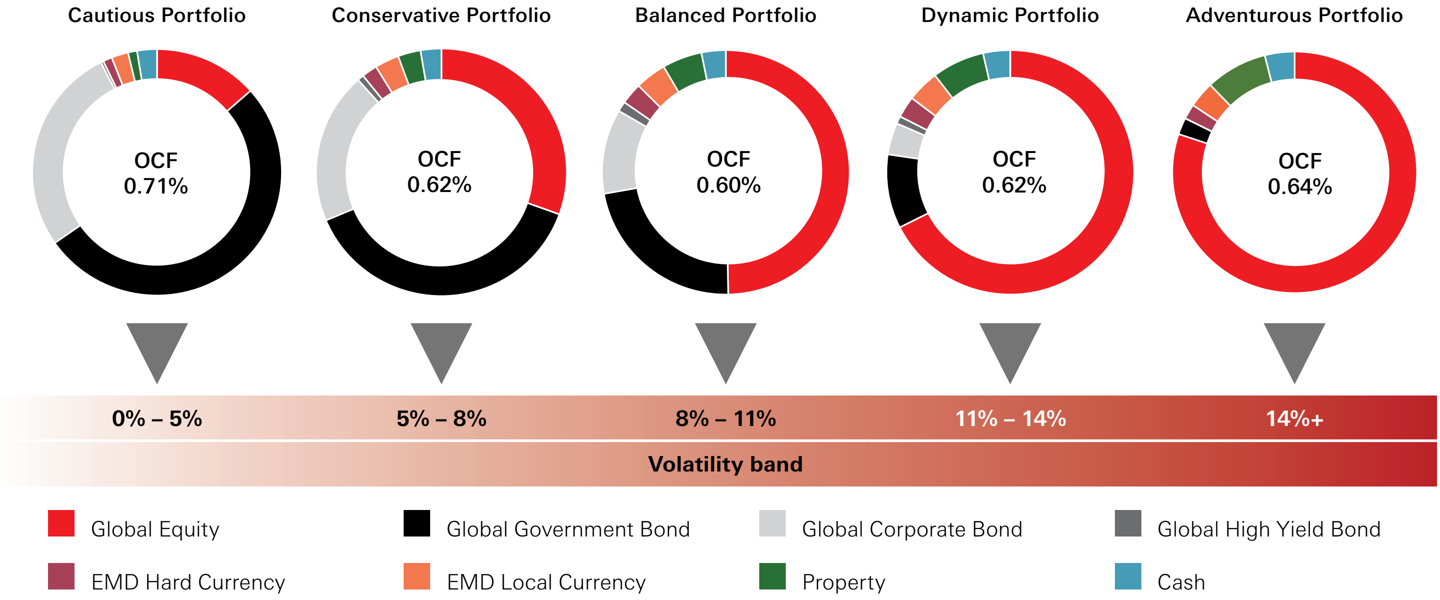
1. Source: HSBC Asset Management as at 30 November 2023

Five ready-made portfolios for you to choose from

Our range of Global Sustainable Multi-Asset Portfolios are designed to perform across the different market environments. The portfolios provide you with access to asset classes, currencies and geographies that together aim to deliver the best possible return for your chosen risk level.

By maintaining a diversified approach you can benefit from expanded investment opportunities while smoothing returns over the long-term.

Portfolio asset allocation



We use volatility – how the value of investment fluctuates – as a measure of risk.

The more that returns fluctuate (up and down) over time, the more volatile (risky) the investment. Each of the HSBC Global Sustainable Multi-Asset Portfolios targets a specific level of volatility, so you can choose the level of risk appropriate for your risk appetite.

A higher return generally involves higher risk. It's important that you understand your risk tolerance level in order to choose a portfolio that best suits your financial goals and risk appetite.

Portfolio charges

OCF stands for **Ongoing Charges Figure**, which is based on expenses over a year. The figure includes the annual management fee, but not transaction costs, which may vary from time to time. The OCF is recalculated every six months, please speak to your Financial Adviser for the latest figures for each portfolio.

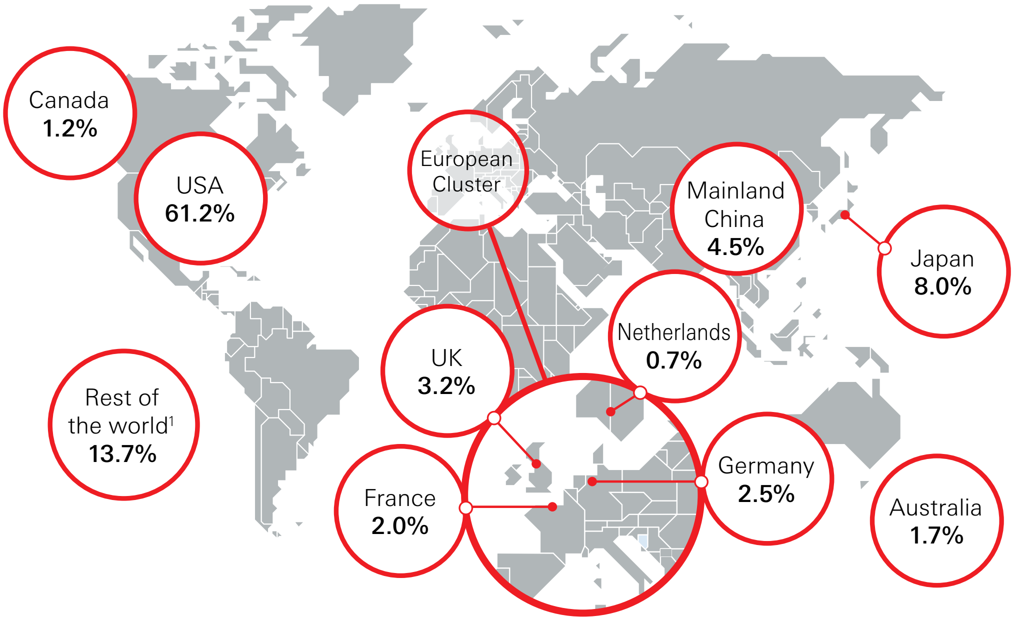
The decision to invest in the fund should take account of all the characteristics or objectives as described in the prospectus or equivalent document.

Source: HSBC Asset Management, as at 31 October 2023. Pie charts for illustrative purposes only.
Ongoing charges figure (OCFs) from 'C Acc share class' of the relevant fund.

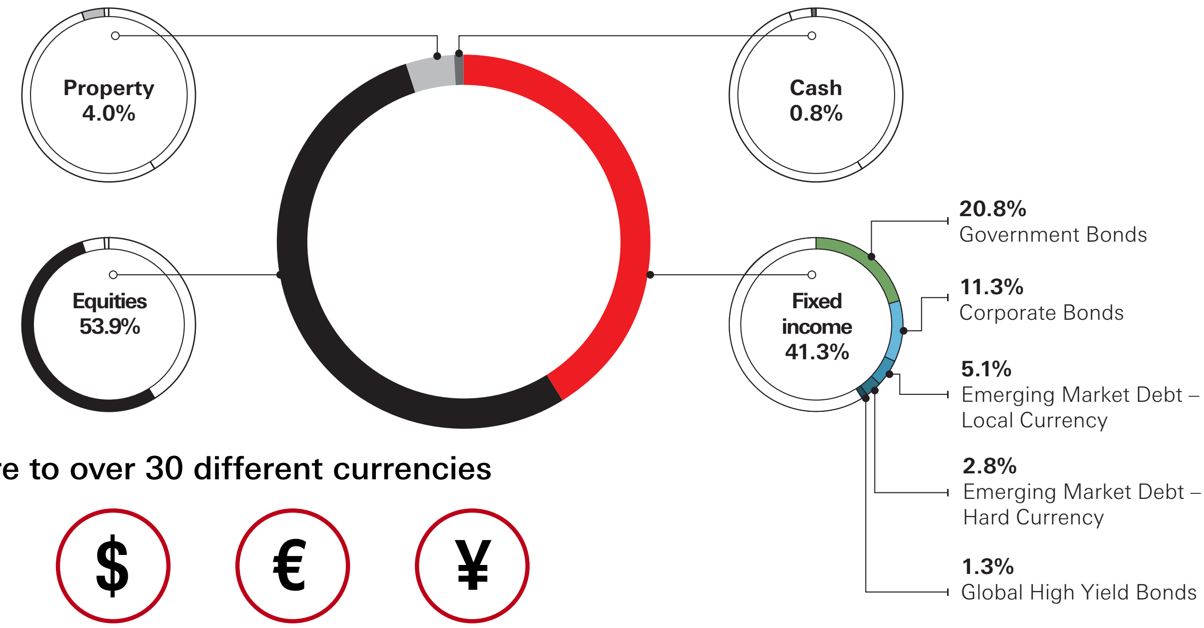
Portfolio diversification

Taking the HSBC Global Sustainable Multi-Asset Balanced Portfolio as an example, your equity investment would be diversified across roughly 50 different countries, over 30 different currencies and multiple asset classes, as per the below diagrams.

Equity investment split across more than 50 countries



Indicative asset allocation for the Balanced Portfolio



Exposure to over 30 different currencies

£ $ € ¥

Changes in currency exchange rates could reduce or increase investment gains or investment losses.

Source: HSBC Asset Management as at 31 August 2023. For illustrative purposes only.
1. This includes all remaining countries which are not mentioned on the map.

Jargon Buster

A

Active management
A style of investment management that makes specific investment decisions that aim to outperform an index or benchmark.

Asset allocation
Some funds invest in a range of different asset classes, such as company shares, bonds and property. The distribution of funds to different assets is decided by the fund manager within the broad objectives of the fund and this is called asset allocation.

Asset class
An asset class is a group of securities/ investments that have similar financial characteristics and tend to react similarly in different market conditions.

B

Bonds
A bond is a 'debt tool' created for the purpose of raising money. An investor loans money to a company (usually a corporate or government) which borrows the money for a defined period of time, at a predetermined interest rate (which can be fixed or variable). In return for lending the company money, the investor will receive regular interest payments and a promise that the original investment will be paid back at a specified date. There can be corporate bonds, which are bonds issued by a company to raise money. There are also government bonds, which are bonds issued by a national government. In the UK we call the UK government bond a gilt.

D

Diversification
A method by which a fund's investments are spread, for example, across different types of investments and countries. By doing so, the fund's volatility (movement) can be minimised by the impact of a loss to any one investment being reduced by the rise of another.

E

Emerging Markets
An emerging market economy is a developing nation that is becoming more engaged with global markets as it grows, such as Brazil,India, China, etc.

Equities/shares
A share is a stake in the company that has issued it. Equities is another name for shares. The value of the shares will depend on a number of factors including how well the company is performing financially.

F

Fund
A fund pools together the money from many individuals allowing a fund manager to invest all the money in the same way. Exactly what the fund manager buys and sells depends on the investment objective of the fund.

Fund of funds
A fund of funds is a fund which invests in other funds rather than investing directly in company shares (equities), bonds or other securities. The HSBC Global Sustainable Multi-Asset Portfolios are mostly managed on a fund of funds basis.

Fixed Income
(Please see bonds).

I

Index
An index is a portfolio of securities (investments), representative of a particular market. The index value is calculated using prices of the selected securities. An index allows investors to track a market's investment returns over time without having to track every single security in that market.

O

Ongoing charges figure (OCF)
The ongoing charges figure is a measure of what it costs you to invest in a fund on an ongoing basis. It is made up of the annual management charge (AMC) and other costs incurred in running a fund, such as custodian, auditor and regulatory, and which are paid directly out of the fund – these are also known as additional fund expenses.

P

Portfolio
A portfolio and a fund is essentially the same thing. It is typically a pool of shares or bonds held directly by investors or managed by financial professionals. A portfolio should be put together or chosen by a financial professional based in the investor's risk and investing objectives.

R

Risk profiles
A risk profile identifies the acceptable level of risk you are prepared and able to accept. The risk profile for you should determine your willingness and ability to take on risk. Risk can be thought of as the trade-off between risk and return, where taking on higher risk can expose you to both higher returns and higher losses.

S

Security/securities
A term used to describe financial instruments/investments such as stocks and bonds..

V

Volatility
Volatility is a measure of how much a fund or security's price goes up or down as a percentage of its total value. For example, the price of a low-risk fund will typically change very little from day to day and has low volatility. The higher the volatility of a fund, then generally the greater the investment risk.

Volatility band
The volatility band is used when building the long-term asset allocation, based on our estimates for future returns. This allows us to build different portfolios at different levels of risk.

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.

For more detailed information on the risks associated with this fund, investors should refer to the prospectus of the fund.

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.

If you have any questions about the HSBC Global Sustainable Multi-Asset Portfolios or your investment options, please speak to your financial adviser.

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HSBC Global Sustainable Multi-Asset Portfolios are actively managed.

The funds may use derivatives for the purposes of efficient portfolio management i.e. to meet the investment objective of the Fund and it is not intended that their use will raise the overall risk profile of the Fund. Please note derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of an underlying security or benchmark may result in disproportionately large movement; unfavourable or favourable in the price of the derivative instrument; the risk of default by counterparty; and the risk that transactions may not be liquid.

There are additional risks associated with specific alternative investments within the portfolios; these investments may be less readily realisable than others and it may therefore be difficult to sell in a timely manner at a reasonable price or to obtain reliable information about their value; there may also be greater potential for significant price movements.

The long term nature of investment in property and the income generated tend to make this type of investment less volatile than equities although it can be difficult to buy and/or sell quickly. Where the underlying funds invest directly in property, the property in the fund may not be readily realisable, and the Manager of the fund may apply a deferral on redemption requests. The value of property is generally a matter of the valuer's opinion rather than fact.

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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