HSBC

Asset Management

HSBC Global Sustainable Multi-Asset Portfolios

Reasons Why

We have put this document together to help you communicate the benefits of HSBC Asset Management and the HSBC Global Sustainable Multi-Asset Portfolios to your clients, draft your own material and tailor your recommendation letters.

Fund overview

The HSBC Global Sustainable Multi Asset Portfolios are a range of five globally diversified, actively managed, risk-controlled funds. They combine HSBC's well established multi-asset investment process with clear and transparent sustainable investment objectives.

The portfolios provide access to HSBC's active, passive, and thematic sustainable investment strategies. These strategies target investments with superior sustainability credentials, companies that are aligned to sustainability related growth areas, and those intended to deliver a positive impact on society or the environment.

Key features

Global portfolio: providing access to growth opportunities from across the world

Exposure to c.3,000 companies across 50 countries, supported by HSBC's global investment infrastructure.

Highly diversified to help deliver returns across a range of economic environments

Combining asset classes with different performance cycles (e.g. stocks, bonds and alternatives) for a smoother investment journey

Active asset allocation: aiming to enhance growth as markets rise, and limit losses if they fall

Leveraging insights from 600+ investment professionals, globally

Thematic approach emphasises most pressing sustainability issues of the day

Current focus on climate change: lower carbon strategies and green bonds

Focused on improved sustainability outcomes (increased ESG score, reduced Carbon Intensity)

Delivering on three components of sustainability: environment, society, and company governance

Investor activism is used to drive real world change

Through voting and engagement activities, we encourage companies towards more sustainable business practices

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

Investment process and objective

The HSBC Global Sustainable Multi Asset Portfolios operate a robust, three stage investment process, embedding sustainability considerations at each stage:

1. **Long Term Portfolio Positioning:** including the broadest possible investment universe of traditional and sustainable asset classes. Built to maximise returns, whilst aligning with investors' long term risk appetite
2. **Active Adjustment:** asset allocation adjusted to capture medium- and short-term market opportunities, considering both traditional and ESG metrics when making active decisions
3. **Implementation Decisions:** portfolios populated with active, passive and thematic investment vehicles, with an emphasis towards more sustainable companies

The portfolios aim to deliver against three easy to explain objectives:

- Maximise long term returns, while controlling risk
- Higher ESG score than the market average
- And a lower carbon intensity than the market average

Key benefits

- **Multi-Asset portfolios designed to smooth out volatility**

  The portfolios have been designed to provide market access, while controlling risk, in order to provide investment solutions for individuals across the risk tolerance spectrum

- **Sustainably invested**

  HSBC has been running sustainable investment strategies since 2001. Investors in the portfolios gain access to deep expertise in generating improved sustainability outcomes, alongside maximising risk-adjusted returns over the long term

- **Truly globally diversified**

  The funds do not have a home bias and therefore provide investors access to growth opportunities across the world, while also maximising the diversification benefit

- **Active 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

- **Global credit, equity and alternative platforms**

  As a full-service asset manager, HSBC's multi asset portfolios benefit from a suite of asset class specialists and macroeconomists who feed into the active decision making within portfolios

- **Active Ownership**

  HSBC Asset Management exercise their rights as a major global shareholder and cast their votes in accordance with their global voting guidelines. Their year-round company engagements are purposeful and objectives-led, aimed at driving sustainable growth, managing risks and improving transparency

- **Strong governance**

  HSBC Asset Management employs strong governance standards across all of its investment platform

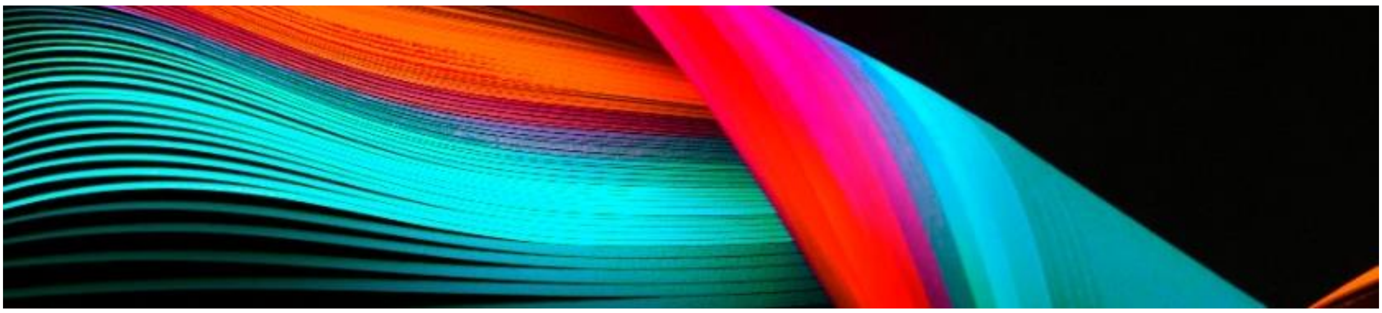
Why HSBC Asset Management?

HSBC Asset Management is a global asset management firm with more than USD641 billion assets under management[1]. They are the asset management division of, and wholly owned by, HSBC Holdings plc (HSBC Group), one of the largest financial services organisations in the world.

This means they can draw upon on the local knowledge and expertise of a team of over 600 investment professionals, across more than 20 countries and territories around the world[1].

HSBC Asset Management have over 25 years of experience managing multi-asset investment solutions and they manage USD163 billion in multi-asset strategies globally[1].

1. Source: HSBC Asset Management, 31 March 2023



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.

Important Information

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The Funds are Sustainably Invested in line with one or more of the Global Sustainable Investment Alliance (GSIA) sustainable investment styles (positive/best-in-class screening, norms-based screening, sustainability themed investing, impact/community investing). It does not invest in companies involved in the manufacture of cluster munitions or anti-personnel mines. The fund is not guaranteed to outperform those which do not meet sustainability criteria.

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. The HSBC Global Sustainable Multi-Asset Portfolios invest in Illiquid assets.

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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