Asset Management

The importance of asset diversification

It is impossible to predict which asset class will perform best in any year. The best performing asset class in 2016 was the worst performing in 2017. We believe investors should avoid putting all their eggs in one basket; rather than trying to second guess which investment market will perform well, investors should consider diversification across as wide a range of investments and investment styles as possible.

This table highlights that the value of investments may go down as well as up, and as such you may not get back the amount originally invested.

Stock market investments should be viewed as a medium to long term investment and should be held for at least five years.

Please note that the asset classes selected are those routinely used by HSBC. Other asset classes which are not listed may have performed better or worse than the asset classes used in this sales aid. For illustrative purposes only and all returns are in %.

The best performing asset class in one year...

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Best performing asset class in year	22.8	24.3	23.2	5.8	33.0	25.4	1.2	22.7	14.7	28.3	27.3
	19.1	6.7	11.5	4.9	32.6	11.8	1.1	18.3	12.3	28.1	1.4
	17.8	2.3	8.5	1.8	31.2	7.2	0.6	13.9	7.2	22.9	-1.2
	13.0	0.4	7.9	1.3	28.2	7.0	-0.5	11.1	5.3	2.2	-7.8
	11.5	0.3	4.9	0.5	25.3	5.2	-2.7	11.1	4.6	0.1	-10.0
	11.1	0.2	3.9	0.1	15.0	4.6	-3.0	10.6	4.2	-1.0	-11.7
	10.7	-4.0	2.7	-0.8	9.6	1.7	-4.2	9.0	0.2	-1.6	-12.4
	4.7	-4.4	0.4	-10.0	5.8	1.1	-4.5	5.6	-0.2	-1.9	-15.3
	0.5	-10.8	0.2	-10.0	3.6	0.3	-7.7	1.3	-6.2	-2.0	-15.4
Worst performing asset class in year	-5.6	-11.3	-11.8	-20.4	0.4	-8.0	-9.3	0.7	-10.8	-8.0	-16.5

...can be the worst performing the following year

Key:

- Developed Equity
- Emerging Equity
- Global government bonds
- Global corporate bonds
- Global high yield bonds
- Emerging market debt in hard currency
- Emerging market debt in local currency
- Global property
- Commodities
- Cash

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, Bloomberg, 31/12/2022, Developed Equities (MSCI World in GPB) Emerging Equities (MSCI Emerging Markets in GBP), Global Government Bonds (Bloomberg Global Aggregate Treasuries GBP hedged), Global Corporate Bonds (Bloomberg Global Aggregate Corporates GBP hedged), Global High Yield Bonds (Bloomberg Global High Yield GBP Hedged), EMD Hard (JP Morgan EMBI Composit GBP Hedged), EMD Local (JP Morgan GBI-EM Global Diversified in GBP), Global Property (FTSE NAREIT Developed World in GBP), Commodities (Bloomberg Commodities Index in GBP), Cash (Bloomberg GBP overnight cash index)

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