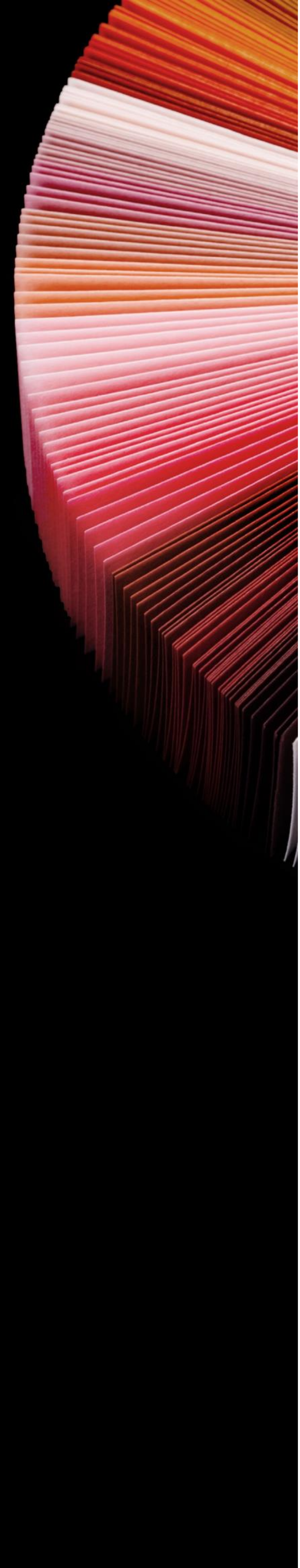

What is in our portfolios and why?

We at HSBC Asset Management place the diversification of assets within our portfolios at the core of our investment philosophy. Below is an explanation of the different types of asset classes that can be included in our portfolios, and a short explanation of why we use them. However, please note that not all of them will be held in our portfolios all the time.

Equities

Otherwise known as corporate stocks, these have historically been the best long-term investment in the market, offering strong returns.

Government Bonds

These are generally considered low risk investments and can provide investors with a predictable income stream through the payment of interest or 'coupon'.

Corporate Bonds

These are issued by companies and can diversify portfolios, offering higher income than government bonds, at varying levels of risk. Green corporate bonds are a sub-set that offer similar benefits but also finance specific environmental projects.

High Yield Bonds

Bonds with lower credit ratings, the increased risk of default means they also have higher interest payments.

Emerging Market Debt (EMD) Hard Currency (USD)

This gives us exposure to the fast pace of growth and wealth creation in the regions, but with less risk than equities.

Emerging Market Debt (EMD) Local Currency

These currency exposures add further opportunities for returns to the portfolio, as well as access to these growing markets.

Cash

It's important to hold cash in a multi-asset portfolio as it allows us to react quickly to market movements and adjust the portfolios' investments without having to sell other assets.

Foreign Currency

We actively manage the portfolios' currency exposure with a tilt towards defensive currencies[1] in times of difficulty, and more cyclical currencies[2] in buoyant markets.

Property

These "real assets" offer the potential for long-term growth at lower volatility, with rental income providing some protection from inflation.

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.

1 Definition: Currencies like the Japanese yen and Swiss franc that have historically acted as diversifiers during periods of uncertainty.

2 Cyclical currencies are highly sensitive to the global economic cycle and tend to rise in value as global economic activity expands (and fall when it contracts).

Source: HSBC Asset Management, as at October 2023 and subject to change at any time.

HSBC Asset Management

Important Information

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ED4470 EXP 31.10.2024