

HSBC Global Strategy Portfolios and HSBC Global Managed Portfolio Service

Similarities and differences

	HSBC Global Strategy Portfolios	HSBC Global Managed Portfolio Service
Number of funds/models in range	5 (Cautious, Conservative, Balanced, Dynamic, Adventurous)	5 (Cautious, Conservative, Balanced, Dynamic, Adventurous)
Launch date	17/10/2011 *Conservative and Adventurous Portfolios launched 24/08/2017	01/07/2018
Defaqto Ratings	2, 4, 5, 7, 8	2, 4, 5, 7, 8
Dynamic Planner Ratings	3, 4, 5, 6, 7	3, 4, 5, 6, 7
FinaMetrica Ratings	26-40, 41-52, 55-66, 67-81, 75-100	26-41, 43-54, 56-68, 70-86, 77-100
Synaptic Ratings	2.5, 2.7, 3.5, 4.4, 4.8	2.5, 2.8, 3.5, 4.4, 4.7
EValue Ratings	1, 3, 5, 8, 9	1, 3, 5, 8, 10
Total cost	0.17% - 0.20% OCF	0.22% - 0.24% OCF (Including the flat annual service fee of 0.15%)
Estimated transaction costs (incl. in total cost)	1-3bps	7-9bps
Asset classes used	Global equities, global corporate bonds (GBP hedged), global government bonds (GBP hedged) and property	Global equities, global corporate bonds (GBP hedged), global government bonds (GBP hedged) and property
SAA construction process	SAA is reviewed periodically to ensure the portfolios remain in line with their agreed risk profiles	SAA is reviewed periodically to ensure the portfolios remain in line with their agreed risk profiles. We expect to rebalance the models between 3 and 7 times a year, in response to market conditions
Active asset allocation	Yes	Yes
Platform availability	All major find platforms	Aviva, Scottish Widows Platform, M&G Wealth, Fidelity Adviser Solutions, Fundment, Morningstar Wealth, Wealthtime, Abrdn Wrap, 7IM, Transact and Quilter
Asset vehicles used	OEICs, ETFs, ICAVs, direct investments, derivatives	OEICs, ETFs, ICAVs
Fulfilment	Low cost fulfilment strategy: exposures are traditional market cap weighted (i.e. no active managers or alternative weighting scheme/smart beta strategies). Access to zero management charge share classes of HSBC managed funds (where used)	

Portfolio differences

Level of service	Support to the IFA provided by the wholesale sales team	Enhanced service including the support of a wealth manager
Currency management	Global Strategy can achieve currency hedging via FX forwards at the portfolio level	Global MPS holds currency hedged share classes to achieve desired currency exposures
Use of direct securities	Global Strategy holds some global government bonds directly	Global MPS does not hold any direct equities or bonds. All fulfilment is via funds
Rebalancing approach	HSBCs multi-asset discretionary services drift and the portfolio manager makes a decision about when to rebalance. The result is that any given point in time, the allocations of Global MPS models and Global Strategy Portfolios may not be perfectly aligned, despite following a common asset allocation	
	The Global Strategy Portfolios' allocations rebalance back to desired targets in an algorithmic intelligent fashion, ensuring portfolio exposures do not "drift" from the SAA meaningfully through time	Global MPS model are updated periodically in a manual process reflecting changes in view of the investment management team, Rebalancing does not happen to a set schedule. We expect to rebalance the models between 3 and 7 times a year

Source: HSBC Asset Management as at September 2023. **Ratings should not be taken as a recommendation.** 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 Asset Management

For Professional Clients only. This is a marketing communication. Please refer to the prospectus and to the KIID of the relevant fund before making any final investment decisions.

Advisory Business Development Team

Fay Hendon	Head of UK Intermediary Business Development London, North, Scotland & Northern Ireland	Tel: +44 (0) 20 3359 6750 Mobile: +44 (0) 74 6870 5975	fay.hendon@hsbc.com
Marcus Hartley	UK Intermediary Business Development Manager Midlands & South West	Tel: +44 (0) 20 335 93233 Mobile: +44 (0) 73 847 93300	marcus.hartley@hsbc.com
Natasha Crosby	UK Intermediary Business Development Manager London & South East	Tel: +44 (0) 20 3359 1197 Mobile: +44 (0) 73 8479 3759	natasha.crosby@hsbc.com

Email: wholesale.clientservices@hsbc.com

Website: www.assetmanagement.hsbc.co.uk/en/intermediary

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 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 Key Investor Information Document (KIID) and/or the Prospectus.

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HSBC Global Strategy 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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