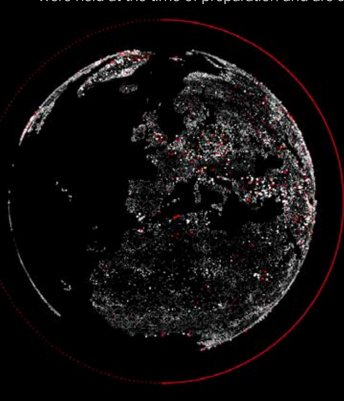
HSBC Asset Management

Power up your portfolio

Investment opportunities in multi-asset and active fixed income

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. This is a marketing communication. The views expressed above were held at the time of preparation and are subject to change without notice.



What's happening in markets?

Usually, in a high-interest rate environment, investors are rewarded for holding cash.

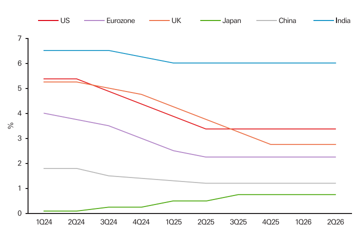
However, falling interest rates are likely to result in lower prospective returns from savings held in cash.

1 Investment markets have already anticipated further interest rate cuts

What it means for investors

Central banks in developed markets continue to cut rates, and markets have already priced in the bulk of likely rate cuts.

Investment Grade and Global High Yield bonds can offer a good way of diversifying portfolios and generating income by locking in the elevated bond yields currently available.



Description: This chart shows previous and forecasted interest rate movements by market.

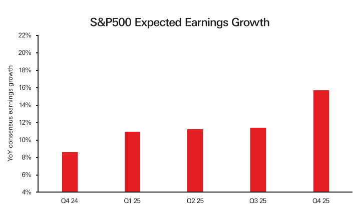
Source: HSBC GPB&W CIO as of 20 November 2024.

Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target. Diversification does not ensure a profit or protect against loss.

2 Lower borrowing costs and robust consumer activity may boost company performance

What it means for investors

The tailwinds provided from lower interest rates – and thus lower borrowing costs – should provide companies momentum to innovate and deliver improved earnings, providing investors with opportunities for growth in equities.



Description: The chart represents expected earnings growth from the S&P 500 over the next quarters.

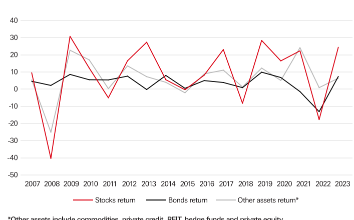
Source: Bloomberg, HSBC Global Private Banking as at 20 November 2024.

Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target. Past performance does not predict future returns.

3 Different asset classes react differently to market and economic situations

What it means for investors

Diversification can help portfolios weather market volatility. Investors can benefit from owning different asset classes that react differently to different market environments.



Description: The chart shows returns from different asset classes from 2007 to 2023.

Source: HSBC Global Private Banking and Wealth, as at 31 December 2023.

Past performance does not predict future returns. Diversification does not ensure a profit or protect against loss. The views expressed above were held at the time of preparation and are subject to change without notice.

The way forward

What should investors consider in the current environment?

Locking in yields

Yields remain compelling for those seeking to generate income through active fixed income strategies.

Strengthening portfolio diversification

Uncertainties remain. Diversification can help build resilient portfolios and provide a wider choice of investment opportunities. Multi-asset strategies provide diversity between asset classes, and diversity in holdings within each asset class.

Avoiding sitting on cash

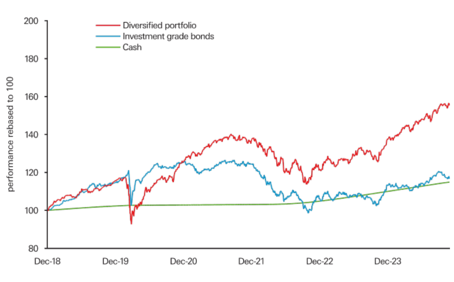
Historically both equities and bonds have outperformed cash over time. Sitting on excess cash is likely to be a drag on portfolio performance.

The views expressed above were held at the time of preparation and are subject to change without notice. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target. This information shouldn't be considered as an investment advice. Diversification does not ensure a profit or protect against loss.

Is it time to put cash to work?

The evidence is clear: diversified portfolios have continued to outperform cash.

By moving out of cash and diversifying into multi-asset and active fixed income strategies, investors may benefit over the long term by securing opportunities for growth and income.



Description: The chart shows the performance of cash, investment-grade bonds, and diversified portfolios rebased to 100.

Source: SAA = performance of our moderate risk strategic asset allocation, in USD terms. Bloomberg, HSBC Global Private Banking as at 20th November 2024. The views expressed above were held at the time of preparation and are subject to change without notice. This information shouldn't be considered as an investment advice.

Cash deposited into a savings account typically offers security of capital.

The way forward

Why should investors consider multi-asset and fixed income in the current environment?

Multi-asset strategies

Aim to provide investors with:

Opportunities for growth

By including various asset classes across geographies, multi-asset strategies may help investors benefit from diverse performance in different sectors and regions.

Benefits across different market cycles

A multi-asset strategy featuring asset classes like equities, bonds, and property helps investors capture benefits across market cycles.

Reduce downside risks

Multi-asset strategies can cater to a wide range of risk profiles, providing balanced exposure to asset classes like equities, bonds and alternatives according to an investor's risk appetite.

Active fixed income strategies

Aim to provide investors with:

Compelling all-in yields

We prefer quality bonds with medium maturities (5-7 years) for Global Investment Grade and slightly shorter (3-5 years) for Global High Yield and Emerging Markets, where yields remain relatively more compelling.

Portfolio diversification

Investment-grade bonds remain an appealing portfolio diversifier and add to portfolio stability. High yield bonds offer higher income potential along with diversification.

Potential for regular income

Especially for investors who are retired or near retirement, where income generation plays a crucial role.

The views expressed above were held at the time of preparation and are subject to change without notice. This information shouldn't be considered as an investment advice. The level of yield is not guaranteed and may rise or fall in the future.

Actively managed strategies offer the potential to outperform markets

Markets are always in flux, and 2025 may be a year of profound global change. That's why we believe it's important to choose a strategy with the potential to respond to market movements. By reacting to opportunities or minimising risks, actively managed strategies have the potential to power up your investments.

Multi-asset strategies

Markets are cyclical, our multi-asset team's approach is not.

Structured and consistent

Our disciplined investment process integrates quantitative and qualitative insights with a clear focus on diversification and risk management. Complemented by a rigorous fulfilment process, it ensures efficient, cost-effective targeted allocations.

Research-driven

Leveraging research and proprietary tools, we analyse factors like value, macro trends, and risk to identify opportunities. This approach supports dynamic asset allocation and disciplined portfolio construction for strong risk-adjusted returns.

Collaborative approach

We emphasise a team-based process, fostering collaboration and dialogue. Our multi-asset platform draws on macro and ESG insights and leverages fixed income and equity team expertise for effective fulfilment.

USD 157 bn
Assets under management

77
Investment professionals

12
Analysts in the Global Investment Strategy team

As on 30th September, 2024

USD 172 bn
Assets under management

180
Investment professionals

51
Credit analysts specialised by geography and by sector

As on 30th September, 2024

Active fixed income

A recognised, specialised manager.

Global insights, local expertise

Supported by global research teams, our approach integrates rigorous global processes with local insights, fostering decision making that blends investment discipline with collective thinking.

Research-driven and flexible

Our active fundamental approach is research-driven with a strong focus on relative valuation. In emerging and credit markets, we leverage bottom-up credit research and top-down macro analysis to exploit gaps between risk premiums and fundamentals.

Risk-adjusted outcomes

We strive to identify, price, and integrate risks into our investment process. Intensive research underpins our ability to deliver consistent results.

The views expressed above were held at the time of preparation and are subject to change without notice.

Power up your portfolio today

Let HSBC Asset Management help you achieve your financial goals.

HSBC Asset Management

Key Risks

Investing involves risk and the value of an investment and the income from it may fall as well as rise. You may not get back the full amount invested.

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.

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: 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 or Offering Memorandum.

Important Information

The material contained herein is for marketing purposes and is for your information only. This document is not contractually binding nor are we required to provide this to you by any legislative provision. It does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

This document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

The contents are confidential and may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. This presentation is intended for discussion only and shall not be capable of creating any contractual or other legal obligations on the part of HSBC Global Asset Management (UK) Limited or any other HSBC Group company.

The document is based on information obtained from sources believed to be reliable but which have not been independently verified. HSBC Global Asset Management (UK) Limited and HSBC Group accept no responsibility as to its accuracy or completeness. Care has been taken to ensure the accuracy of this presentation but HSBC Global Asset Management (UK) Limited accepts no responsibility for any errors or omissions contained therein.

This document and any issues or disputes arising out of or in connection with it (whether such disputes are contractual or non-contractual in nature, such as claims in tort, for breach of statute or regulation or otherwise) shall be governed by and construed in accordance with English law.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

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.

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Approved for issue in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entity, HSBC Global Asset Management (UK) Limited.

www.assetmanagement.hsbc.co.uk

Content ID: D040486; Expiry Date: 31.12.2025