

# HSBC Portfolios - World Selection 1

Share Class AC

31 Aug 2018

## Fund Objective and Strategy

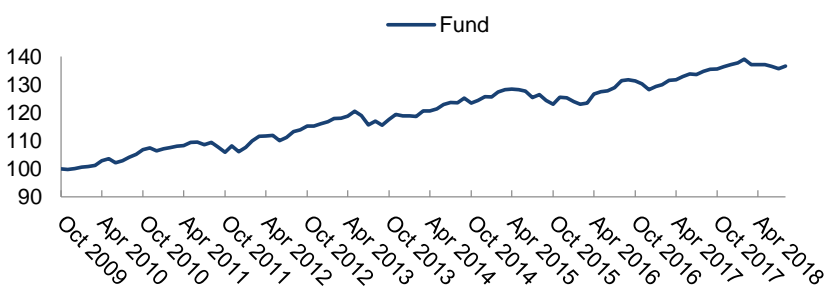
### Investment Objective

The Fund aims to provide long term total returns (meaning income and capital growth). It does so by investing in bonds and shares, either directly or through investing into other funds. The Fund seeks to apply a low risk Investment Strategy.

### Investment Strategy

At least 90% of the fund's exposure is to bonds, shares and other asset classes (for example, real estate, private equity, hedge fund strategies and commodities). The Fund gains exposure to bonds that are investment and non-investment grade. These bonds can be issued/guaranteed by governments, government agencies or supranational bodies or by companies in both developed and emerging markets. These bonds can be denominated in various currencies. The Fund gains exposure to shares and equity-equivalent securities issued by companies in both developed and emerging markets. There aren't restrictions on the size of the companies held in the Fund. The Fund may invest up to 100% of its assets in other eligible funds. The Fund's exposure to such holdings will normally be between 25% and 75%. The fund's primary currency exposure is to the US dollar. See the Prospectus for a full description of the investment objectives and policy.

## Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>	Since Inception <sup>1</sup>	Vol <sup>2</sup>	S.R. <sup>3</sup>
AC	-1.35	-0.56	-0.49	0.27	3.01	3.30	3.52	3.56	0.81

Rolling Performance (%)	31 Aug 2017-31 Aug 2018	31 Aug 2016-31 Aug 2017	31 Aug 2015-31 Aug 2016	31 Aug 2014-31 Aug 2015	31 Aug 2013-31 Aug 2014
AC	0.27	2.85	5.99	-0.66	8.32

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.**

Source: HSBC Global Asset Management, data as at 31 August 2018

## Risk Disclosure

**General Risk:** The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.

**Multi-Asset Fixed Income Risk:** The Fund invests in bonds whose value generally falls when interest rates rise. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless.

**Multi-Asset Market Risk:** The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.

**Derivatives Risk:** Derivatives may be used by the Fund, and these can behave unexpectedly.

**Hedging Risk:** The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.

**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..

**Documentation Statement:** Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.

## Share Class Details

UCITS V Compliant	Yes
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 5,000
Ongoing Charge Figure <sup>4</sup>	1.27%
Max. Initial Charge	4.17%
Base Currency	USD
Domicile	Luxembourg
ISIN	LU0447610337
Inception Date	20 Oct 2009
NAV per Share	USD 13.59
Fund Size	USD 523,836,726
Bloomberg Ticker	HSBC1AU LX
Manager	Beverly Jane Davies

<sup>1</sup>Result is annualised when calculation period is over one year.

<sup>2</sup>Volatility since inception, a measure of how much a fund's price goes up or down as a percentage of its average performance.

<sup>3</sup>Sharpe ratio since inception, a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations.

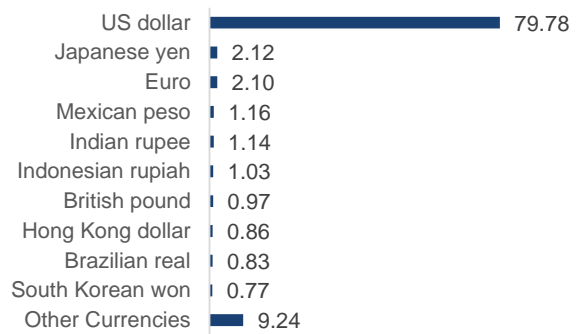
<sup>4</sup>Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figure may vary from time to time.

## Portfolio

### Portfolio Asset Allocation (%)

Global Equity	20.31
Global Fixed Income	73.09
Property	3.52
Cash	3.08

### Currency Exposure at Portfolio Level (%)

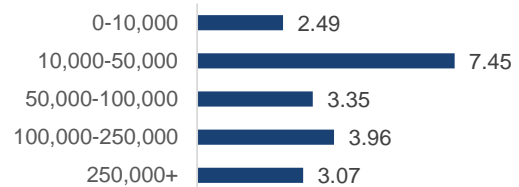


## Equity

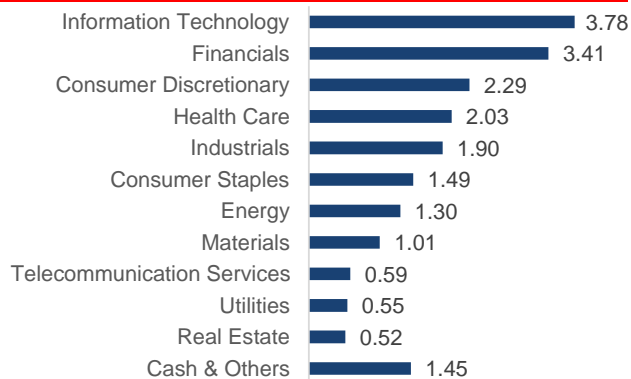
### Equity Characteristics

P/E Ratio	15.96
Weighted Average Market Cap (USD Mil)	142,569.80
Dividend Yield	2.33

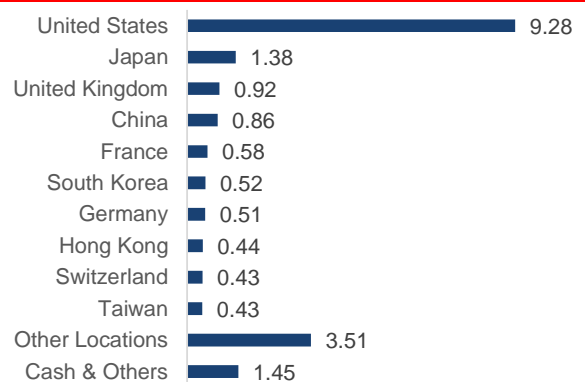
### Equity Average Market Cap Breakdown (USD Mil, %)



### Equity Sector Allocation (%)



### Equity Geographical Allocation (%)



### Equity Top 10 Holdings

Equity Top 10 Holdings	Location	Sector	Weight (%)
APPLE INC	United States	Information Technology	0.40
MICROSOFT CORP	United States	Information Technology	0.30
AMAZON.COM INC	United States	Consumer Discretionary	0.28
FACEBOOK INC-A	United States	Information Technology	0.15
TENCENT HOLDINGS LTD	China	Information Technology	0.14
JPMORGAN CHASE & CO	United States	Financials	0.14
SAMSUNG ELECTRONICS CO LTD	South Korea	Information Technology	0.14
ALPHABET INC-CL A	United States	Information Technology	0.14
TSMC LTD	Taiwan	Information Technology	0.13
JOHNSON & JOHNSON	United States	Health Care	0.13

Please note some securities are unclassified against these sector and/or country schemes and will therefore appear under the Cash & Others category.

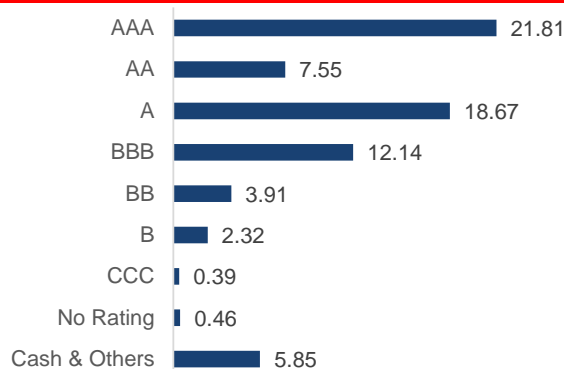
The data displayed in above sections is shown on a look-through basis. This means that the fund may not directly hold these securities and the investment in these securities may be via other funds.

Source: HSBC Global Asset Management, data as at 31 August 2018.

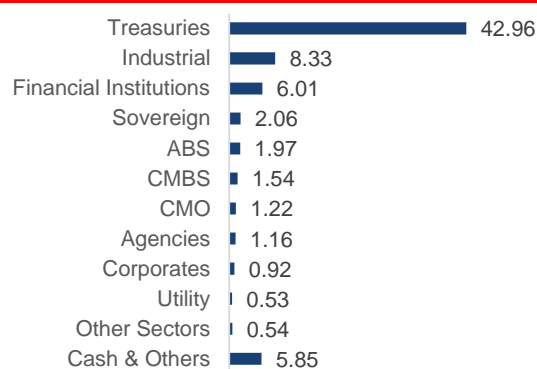
## Fixed Income

Fixed Income Characteristics		Fixed Income Characteristics	
Yield to Maturity (Gross)	3.85	Option Adjusted Duration	5.54
Yield to Worst (Gross)	3.87	Rating Average	A+/A

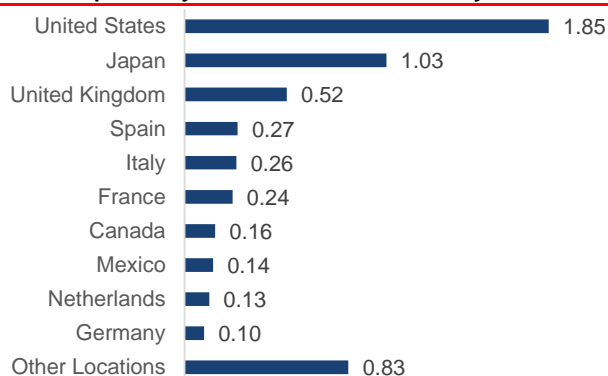
### Fixed Income Quality Rating Allocation (%)



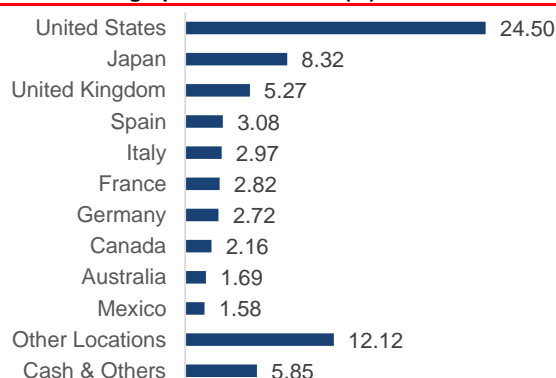
### Fixed Income Sector Allocation (%)



### Fixed Income Option Adjusted Duration Allocation by Location



### Fixed Income Geographical Allocation (%)



Fixed Income Top 10 Holdings	Location	Instrument Type	Weight (%)
US TREASURY N/B 1.3750 31-MAY-20	United States	Treasury Note	2.11
US TREASURY N/B 2.0000 31-OCT-21	United States	Treasury Note	1.73
US TREASURY N/B 3.3750 15-MAY-44	United States	Government Bond	1.33
US TREASURY N/B 2.5000 15-MAY-24	United States	Treasury Note	1.02
JAPAN (5 YEAR ISSUE) 0.2000 20-MAR-19	Japan	Government Bond	0.95
JAPAN (20 YEAR ISSUE) 2.2000 20-SEP-28	Japan	Government Bond	0.83
JAPAN (20 YEAR ISSUE) 1.8000 20-MAR-32	Japan	Government Bond	0.83
JAPAN (30 YEAR ISSUE) 1.7000 20-MAR-44	Japan	Government Bond	0.82
JAPAN (10 YEAR ISSUE) 0.9000 20-MAR-22	Japan	Government Bond	0.67
CANADIAN GOVERNMENT 1.7500 01-MAR-19	Canada	Government Bond	0.67

Please note that the fixed income allocation tables are calculated using contributions to the fixed income portion, with the equity portion excluded here.

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Source: HSBC Global Asset Management, data as at 31 August 2018.

## **Important Information**

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This document is only intended for non-professional investors as defined by MIFID. The material contained herein is for information only and does not constitute investment advice or a recommendation to any reader of this material to buy or sell investments. There are risks involved with this type of investment. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID. Past performance of investments is not necessarily a guide to future performance and the value of investments and any income from them can go down as well as up and you may not get back the amount you originally invested. The rate of currency exchange, where applicable, may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in established markets. You should view this investment as medium to long-term, and should plan to keep it for at least three years.

The Fund is manufactured by HSBC Investment Funds (Luxembourg) S.A. 16, boulevard d'Avranches, L-1160 Luxembourg ('the Management Company'). The Management Company has appointed HSBC Global Asset Management (Malta) Ltd, 80 Mill Street, Qormi, as Distributor of the Fund with the right to appoint sub-distributors. In Malta, the Fund is distributed to Investors through HSBC Bank Malta p.l.c. (a sub-distributor of HSBC Global Asset Management (Malta) Ltd).

Further information can be found in the Prospectus, the Key Investor Information Document and most recent annual and semi-annual reports, which can be obtained upon request free of charge from HSBC Global Asset Management (Malta) Ltd. or HSBC Bank Malta p.l.c.

Approved by HSBC Global Asset Management (Malta) Ltd, 80 Mill Street, Qormi, which is regulated by the Malta Financial Services Authority under the Investment Services Act.

## Terms of Glossary

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**Convertible bond**, is a type of bond that the holder can convert into a specified number of shares of common stock in the issuing company or cash of equal value.

**Corporate bond**, is bond issued by a company in order to raise financing.

**Coupon**, the annual interest rate paid on a bond, expressed as a percentage of the face value.

**Credit quality**, one of the principal criteria for judging the investment quality of a bond or bond mutual fund.

**Developed markets**, countries that are most developed in terms of its economy and capital markets.

**Duration**, a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates.

**Emerging markets (EM)**, nations' economies in the process of fast economic growth. Investments in emerging markets are generally considered to be with higher risk.

**Government bond or Gilt**, a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government.

**High yield bond**, is fixed income security with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default, but have the potential for higher rewards.

**Information ratio**, is a ratio of portfolio returns above/under the returns of a benchmark to the volatility of those returns.

**Investment grade bond**, is considered investment grade or IG if its credit rating is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's.

**Maturity**, the period of time for which a financial instrument remains outstanding.

**Modified duration to worst**, the lowest potential duration that will achieve on a bond without the issuer actually defaulting.

**Option adjusted duration (OAD)**, is a duration value based on the probability of early redemption call by the bond issuer.

**Option adjusted spread duration (OASD)**, estimates the price sensitivity of a bond to a 100 basis-point movement (either widening or narrowing) in its spread relative to Treasuries, taking into account the likelihood of early redemption.

**Sharpe ratio**, a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations.

**Tracking error**, a measure of how closely a portfolio follows the index to which it is benchmarked.

**Volatility**, a measure of how much a fund's price goes up or down as a percentage of its average performance.

**Yield to maturity**, the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations.

**Yield to worst**, the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations.

**Rating**, rating of a debtor (credit rating) by rating agencies is based on specific criteria such as debt situation, country risk etc. Ratings from Moody's and Standard & Poor's® is the most widely used systems in the international markets with range from AAA and Aaa (highest credit rating) to D ( Debtor in financial difficulties, repayment already distressed).

**NAV**, stands for net asset value. It is used on funds and represents the value of all assets and receivables less debt, liability and costs.

Typically, it is reported as a value per share.

**Swap**, is a derivative contract through which two parties exchange financial instruments. E.g. in an interest swap, typically one contracting party pays a fixed interest while the other pays a variable interest.

**Futures**, is a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

**Shares**, are units of ownership interest in a corporation or financial asset that provide for an equal distribution in any profits, if any are declared, in the form of dividends. The two main types of shares are common shares and preferred shares. Physical paper stock certificates have been replaced with electronic recording of stock shares, just as mutual fund shares are recorded electronically.

**Bond**, is a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debt holders, or creditors, of the issuer.

**Price Earnings (P/E) Ratio**, is the price paid for a share divided by the annual profit earned by the firm per share.

**Dividend Yield**, represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.□

**Market capitalization**, refers to the total dollar market value of a company's outstanding shares. Commonly referred to as "market cap," it is calculated by multiplying a company's shares outstanding by the current market price of one share.

**Non-investment grade bond**, a rating attributed to a security that is deemed speculative, i.e. less certain in respect of the preservation of capital, in the opinion of a credit rating agency such as Fitch Ratings, Moody's or Standard & Poor's.