

HSBC OpenFunds - World Selection - Dividend Distribution Portfolio

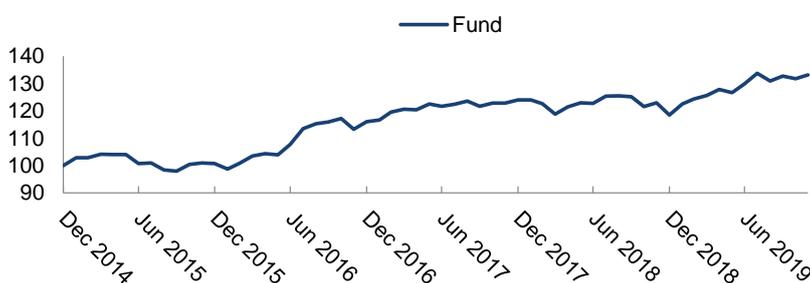
Share Class Income C

30 Nov 2019

Fund Objective and Strategy

The objective of this fund is to provide a high level of income by investing in a broad range of asset classes, across global markets. The fund invests primarily in collective investment schemes that in turn invest in fixed income securities, higher yielding equities, property, commodities and derivatives. The Authorised Corporate Director may also invest at its discretion in other transferable securities, money market deposits, cash and near cash.

Performance (%)



| Performance (%) | YTD | 1M | 3M | 1Y | 3Y ¹ | 5Y ¹ | Vol ² | S.R. ³ |
|-----------------|-------|------|------|------|-----------------|-----------------|------------------|-------------------|
| Income C | 12.44 | 1.03 | 1.70 | 8.35 | 5.53 | 5.80 | 6.94 | 0.56 |

| Rolling Performance (%) | 30 Nov 2018- 30 Nov 2019 | 30 Nov 2017- 30 Nov 2018 | 30 Nov 2016- 30 Nov 2017 | 30 Nov 2015- 30 Nov 2016 | 30 Nov 2014- 30 Nov 2015 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Income C | 8.35 | 0.08 | 8.38 | 12.21 | 0.50 |

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 30 November 2019

Risk Disclosure

- The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.
- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is typically 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.
- 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.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- Derivatives may be used by the Fund, and these 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.
- 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 is a measure of how easily the Fund's holdings can be quickly converted to cash. The value of the Fund's holdings may be significantly impacted by liquidity risk during adverse market conditions.
- 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 | No |
| ISA Eligible | Yes |
| Distribution Type | Distributing |
| Distribution Frequency | Quarterly |
| Dividend Yield ⁴ | 4.15% |
| Last Paid Dividend | 0.0116 |
| Dealing Frequency | Daily |
| Valuation Time | 12:00 United Kingdom |
| Min. Initial Investment | GBP 1,000,000 |
| Ongoing Charge Figure ⁵ | 0.930% |
| Share Class Base Currency | GBP |
| Domicile | United Kingdom |
| ISIN | GB00B84BZW11 |
| Share Class Inception Date | 03 Sep 2012 |
| NAV per Share | GBP 1.19 |
| Fund Size | GBP 467,409,206 |
| Bloomberg Ticker | HSOGDCI LN |
| SEDOL | B84BZW1 |
| Manager | Kate Morrissey David McNay |

¹Result is annualised when calculation period is over one year.

²Volatility since inception: a measure of how much a fund's price goes up or down as a percentage of its average performance.

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

⁴Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value. □

⁵Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Monthly Performance Commentary

Macro commentary

Global equities rose in November as the US and China came closer to agreeing the terms of a “phase one” trade deal. The MSCI All Countries World Index rose by 2.5% over the month. In the US, a solid labour market continues to support household spending. Nevertheless, employment and wage growth have slowed in recent months. Meanwhile, activity in the manufacturing, business investment and export sectors remains weak amid slower global growth and elevated political uncertainty. The US Federal Reserve has signalled an end to the easing cycle as long as there isn’t a material weakening in data.

A weak manufacturing sector continues to be a drag on growth in Europe; the services sector continues to show resilience, despite some recent weakening. The European Central Bank remains in “wait and see” mode as they assess the impact of their significant policy easing package in September. In the UK, Brexit related uncertainty remains the key drag on growth although household spending remains reasonably strong, while fiscal policy is being loosened. Two Bank of England members voted for a rate cut in November, but the majority of rate-setters prefer to see how the political situation develops.

In Asia, monetary policy in China continues to be loosened in response to some weak data releases; growth has moderated but looks reasonable. Ongoing policy loosening still has the potential to stabilise China’s economy alongside global trade growth. In India, private sector activity data continues to be weak, although policy easing efforts have been stepped up. Slowing consumption growth may be bottoming. There are headwinds from the recent VAT tax hike in Japan but a recent pickup in investment is encouraging, while there are signs of an improvement in global trade. The Bank of Japan has signalled it could ease policy to achieve its inflation target, although has provided little detail on potential easing options.

Portfolio performance

Our tactical asset allocation was positive as government and high yield bonds underperformed equities. Given the recent strength in GBP, we reduced the GBP hedge in the equity portion of the portfolios from 50% of developed equity to 30%. The current political situation around Brexit remains highly uncertain and complex and we still believe we can see significant two way volatility in GBP over the coming weeks/months. However, a reduction in the probability of a “No Deal” Brexit in recent weeks has led to a significant upward move in GBP to the higher end of its recent range and we believe it is an opportune time to re-size our position. The World Selection portfolios are long-term investment solutions that seek to maximise risk-adjusted returns (Sharpe ratios) in the long run.

Outlook

Our global Nowcast has remained stable over the last few months at around 2%. Growth should be supported by pro-active policy makers and resilient labour markets. But political risks are elevated - we are in an “age of uncertainty”. US growth remains robust and is likely to remain stable at a “trend like” growth rate of around 2%. The economy is currently more dependent than usual on consumer spending. Growth elsewhere is already below trend. Despite momentum over the last few months, the China Nowcast slowed in October. The eurozone and UK continue to underperform. The unbalanced nature of growth leaves the global economy vulnerable to negative shocks. However, policy makers continue to focus on limiting the risk of a further sharp slowdown in the economic cycle. Investor sentiment has improved sharply in a short period of time led by some improvements in US-China trade negotiations. Risk asset classes have continued to rally while bond yields have risen somewhat. We still see relatively attractive risk adjusted prospective returns in risky asset classes and we expect a “favourable baseline” in our macro view. Even after the recent sentiment shift, we should continue to take a pro-risk stance.

Positioning

Fixed Income

The portfolios have remained underweight global government bonds as yields and potential returns have remained low. Riskier, EM debt securities remain attractive in our view, especially in local currencies where potential currency appreciation could provide a tailwind to performance.

Equities

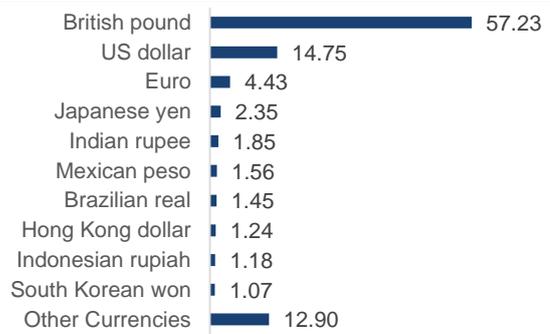
We retain our view that the most effective way to access the global growth story is through equities, particularly from a relative valuation perspective versus bonds.

Portfolio

Portfolio Asset Allocation (%)

| | |
|---------------------------------------|-------|
| Global Equity | 44.07 |
| Global Fixed Income | 44.37 |
| Global Corporate Bond | 10.01 |
| Global High Yield Bond | 10.02 |
| Global Asset Backed Bond | 6.72 |
| Emerging Market Debt - Hard Currency | 4.92 |
| Emerging Market Debt - Local Currency | 12.70 |
| Property | 5.03 |
| Infrastructure | 5.59 |
| Cash | 0.94 |

Currency Exposure at Portfolio Level (%)



Portfolio Top 10 Holdings

| | Weight (%) |
|---|------------|
| HSBC UCITS CN CNTL DEV WLD EQ INC FACA1\$ | 20.89 |
| HSBC GIF GLOBAL EM LOCAL DBT ZQ1 | 12.23 |
| HSBC CORPORATE BOND INSTITUTIONAL INC | 10.01 |
| VANGUARD FTSE 100 UCITS ETF | 7.45 |
| FIDELITY GLOBAL QUAL INC ETF INC | 7.33 |
| HSBC GIF GLOBAL HI YLD BD ZQ1 | 5.12 |
| HSBC GIF GLOBAL RE EQ ZD | 5.03 |
| HSBC GIF GLOBAL EM BD ZQ1 | 4.92 |
| HSBC GIF GLB SHRT DUR HY BD ZQ1 | 4.90 |
| HSBC GIF GLOBAL ASSET-BACKED CROSSOVER BOND | 4.71 |

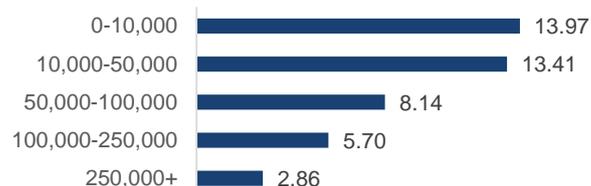
Source: HSBC Global Asset Management, data as at 30 November 2019.

Equity

Equity Characteristics

| | |
|---------------------------------------|-----------|
| P/E Ratio | 13.20 |
| Weighted Average Market Cap (USD Mil) | 88,853.60 |
| Dividend Yield | 3.53 |

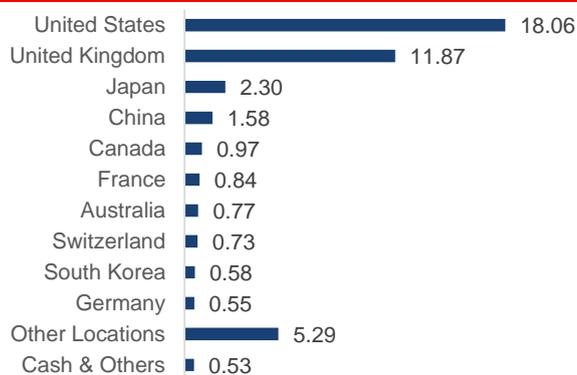
Equity Average Market Cap Breakdown (USD Mil, %)



Equity Sector Allocation (%)



Equity Geographical Allocation (%)



| Equity Top 10 Holdings | Location | Sector | Weight (%) |
|-----------------------------|----------------|------------------------|------------|
| APPLE INC | United States | Information Technology | 0.87 |
| MICROSOFT CORP | United States | Information Technology | 0.80 |
| ASTRAZENECA PLC | United Kingdom | Health Care | 0.66 |
| ROYAL DUTCH SHELL PLC-A SHS | United Kingdom | Energy | 0.61 |
| HSBC HOLDINGS PLC | United Kingdom | Financials | 0.60 |
| BP PLC | United Kingdom | Energy | 0.60 |
| GLAXOSMITHKLINE PLC | United Kingdom | Health Care | 0.59 |
| UNILEVER PLC | United Kingdom | Consumer Staples | 0.48 |
| DIAGEO PLC | United Kingdom | Consumer Staples | 0.48 |
| RIO TINTO PLC | United Kingdom | Materials | 0.45 |

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 30 November 2019.

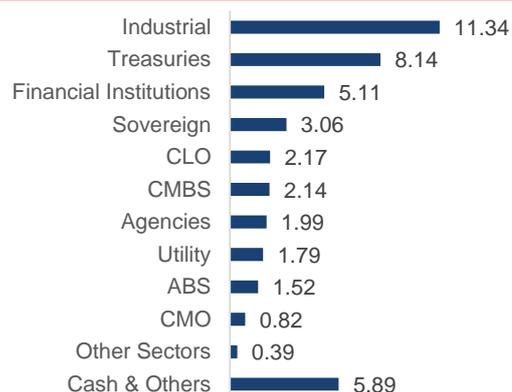
Fixed Income

| Fixed Income Characteristics | | Fixed Income Characteristics | |
|------------------------------|------|------------------------------|----------|
| Yield to Maturity (Gross) | 4.43 | Option Adjusted Duration | 4.13 |
| Yield to Worst (Gross) | 4.15 | Rating Average | BBB+/BBB |

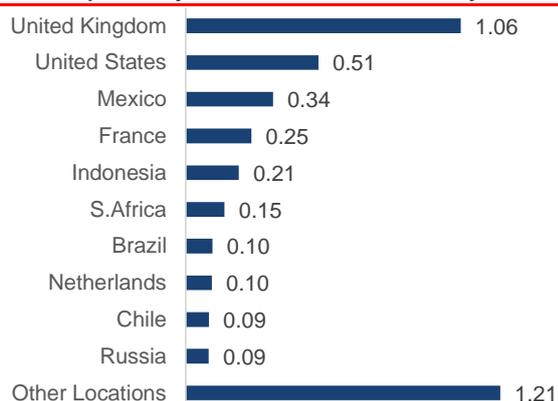
Fixed Income Quality Rating Allocation (%)



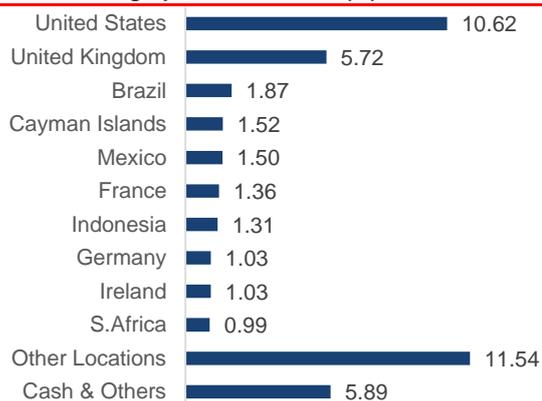
Fixed Income Sector Allocation (%)



Fixed Income Option Adjusted Duration Allocation by Location



Fixed Income Geographical Allocation (%)



| Fixed Income Top 10 Holdings | Location | Instrument Type | Weight (%) |
|---|---------------|-----------------|------------|
| LETRA TESOURO NACIONAL 0.0000 01-JAN-20 | Brazil | Treasury Bills | 1.08 |
| INDONESIA GOVERNMENT 8.3750 15-MAR-24 | Indonesia | Government Bond | 0.32 |
| REPUBLIC OF SOUTH AFRICA 7.0000 28-FEB-31 | South Africa | Government Bond | 0.28 |
| POLAND GOVERNMENT BOND 4.0000 25-OCT-23 | Poland | Government Bond | 0.27 |
| TITULOS DE TESORERIA B 11.0000 24-JUL-20 | Colombia | Government Bond | 0.25 |
| REPUBLIC OF PERU 6.3500 12-AUG-28 | Peru | Government Bond | 0.24 |
| MEX BONOS DESARR FIX RT 8.5000 18-NOV-38 | Mexico | Government Bond | 0.23 |
| TITULOS DE TESORERIA 6.0000 28-APR-28 | Colombia | Government Bond | 0.19 |
| MALAYSIA GOVERNMENT 3.9550 15-SEP-25 | Malaysia | Government Bond | 0.19 |
| INVITATION HOMES TRUST 4.0716 17-JUN-37 | United States | Asset backed | 0.19 |

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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Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at www.assetmanagement.hsbc.com/uk.

Terms of Glossary

Accumulation Share: a type of share where the income earned by the Fund is retained in the Fund

ACD: HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

Actively Managed: where the fund manager uses their expertise to pick investments to achieve the fund's objectives □

Bond(s): a loan, usually to a company or government, that pays interest

Bond Index Futures: a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date

Collective Investment Scheme: a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

Credit Rating: an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it

Developed Markets: countries with relatively high levels of personal income and established economies

Duration: a measure of how long it takes in years for an investor in a bond to recoup the price they paid for the bond from its interest payments. It provides an indication of how much bond prices are likely to change if and when interest rates change

Emerging Markets (EM): countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

Equities: shares issued by a company

Futures: 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

Growth: the increase in the value of investments

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

Hedge Funds: an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

Hedge or Hedging: using derivative type investments as a way to reduce risk

High yield bond: a bond paying a higher level of interest but which has a lower credit rating than investment grade

Income: money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

Income Share: the type of Share where the income earned by the Fund is paid out to you

Investment Grade: a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to it

Market Capitalisation: 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 □

Maturity: the period of time left for a bond or gilt to remain outstanding before the original loan and any final interest is repaid to the lender

Net Asset Value (NAV): the value of the scheme property of a fund less the liabilities of the fund

Ongoing Charges Figure: a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

Option adjusted duration (OAD): 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

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

Preference Shares: shares of a company which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Preference shares may be convertible to the ordinary shares of a company

Property-related securities: shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

Return(s): the money made or lost on an investment

Share(s): an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

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

Volatility: a measure of the size and frequency of changes in the value of an investment over a short space of time

Yield: the income from an investment, usually stated as a percentage of the value of the investment

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. Number is shown in percentage

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. Number is shown in percentage