

HSBC OpenFunds - Global Strategy Cautious Portfolio

Share Class Accumulation C

31 Oct 2019

Fund Objective and Strategy

To provide capital growth through cautious investment in a broad range of asset classes across global markets, with a bias towards fixed interest securities.

Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Vol ²	S.R. ³
Accumulation C	9.47	-0.66	0.14	9.24	4.11	5.04	4.00	1.11

Rolling Performance (%)	31 Oct 2018-31 Oct 2019	31 Oct 2017-31 Oct 2018	31 Oct 2016-31 Oct 2017	31 Oct 2015-31 Oct 2016	31 Oct 2014-31 Oct 2015
Accumulation C	9.24	-0.60	3.91	11.53	1.59

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 October 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	Accumulating
Dealing Frequency	Daily
Valuation Time	12:00 United Kingdom
Min. Initial Investment	GBP 1,000,000
Ongoing Charge Figure ⁴	0.160%
Share Class Base Currency	GBP
Domicile	United Kingdom
ISIN	GB00B84DV184
Share Class Inception Date	01 Nov 2012
NAV per Share	GBP 1.49
Fund Size	GBP 225,473,201
Bloomberg Ticker	HSWIBCA LN
SEDOL	B84DV18
Manager	HSBC AMG Multi Asset Team

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.

⁴Ongoing 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

Global equities rose in October in USD terms as the US and China agreed a truce in their trade conflict with a 'mini deal'. In GBP terms, the MSCI All Countries World Index fell by 2.1% over the month as sterling strengthened in response to more positive developments around Brexit.

The US Federal Reserve cut rates at its October meeting amid subdued inflation expectations, soft global growth and persistent geopolitical uncertainty. Further action is likely to become more data dependent.

The unbalanced nature of growth leaves the global economy vulnerable to negative shocks. However, policy makers are now making a concerted effort to limit the risk of a further sharp slowdown.

The macro picture remains tricky, but implied risk premiums in global equities look relatively attractive. We retain our "pro-growth, but conservative" investment strategy.

Asset Allocation (%)	Actual
Global Government Bond	43.87
Corporate Bond	23.79
US Equity	12.37
Property	3.57
Europe Equity	3.43
Emerging Markets Equity	3.41
Japan Equity	1.90
UK Equity	1.38
Pacific ex Japan Equity	1.06
Cash	5.22

Top 10 Holdings (%)	
HSBC Global Corporate Bond Index ZQHUSD	23.79
HSBC American Index	12.37
US TREASURY N/B 2.0000 15-FEB-23	8.17
JAPAN (30 YEAR ISSUE) 1.1000 20-MAR-33	6.43
US TREASURY N/B 2.6250 15-JUN-21	5.51
US TREASURY N/B 3.0000 15-MAY-45	4.60
BONOS Y OBLIG DEL ESTADO 2.1500 31-OCT-25	4.22
iShares Dev RI Ett Idx (IE) Instl Acc \$	3.57
HSBC European Index	3.43
iShares EmergMkts Idx (IE) Instl Acc USD	3.41

Source: HSBC Global Asset Management, data as at 31 October 2019

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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.

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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