

HSBC OpenFunds - World Selection - Conservative Portfolio

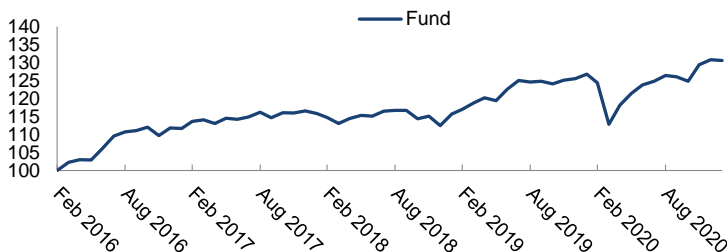
Share Class Income C

31 Jan 2021

Fund Objective and Strategy

The Portfolio aims to provide capital growth through investment in a broad range of asset classes across global markets with a bias towards asset classes that focus on fixed interest strategies. The Portfolio will invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property and derivatives.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Vol ²	S.R. ³
Income C	-0.17	-0.17	4.61	3.01	4.07	5.80	6.37	0.62

Rolling Performance (%)	31 Jan 2020-31 Jan 2021	31 Jan 2019-31 Jan 2020	31 Jan 2018-31 Jan 2019	31 Jan 2017-31 Jan 2018	31 Jan 2016-31 Jan 2017
Income C	3.01	9.54	-0.12	3.69	13.41

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 January 2021

Share Class Details

UCITS V Compliant	No
ISA Eligible	Yes
Distribution Type	Distributing
Distribution Frequency	Semi-annually
Dividend ex-date	16 Oct 2020
Dividend Yield ⁴	1.28%
Last Paid Dividend	0.0099
Dealing Frequency	Daily
Valuation Time	12:00 United Kingdom
Min. Initial Investment	GBP 1,000,000
Ongoing Charge Figure ⁵	0.680%
Share Class Base Currency	GBP
Domicile	United Kingdom
ISIN	GB00BQ15ZG67
Share Class Inception Date	04 Dec 2014
NAV per Share	GBP 1.19
Fund Size	GBP 1,144,653,464
Bloomberg Ticker	HWSCPD LN
SEDOL	BQ15ZG6
Manager	Kate Morrissey

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.

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.

HSBC OpenFunds Portfolios offer a choice of five different risk levels, to be selected by investors depending on factors like their financial goals, time horizon and capacity for loss. Typically, the more risk investors take, the more return they would expect to see.

At HSBC Global Asset Management, we measure risk by volatility – how sharply a Portfolio's share price moves in any given time period (up or down). The higher the volatility, the higher the risk.

The table below shows the Portfolio's return (for the primary share class or hedged currency share class) per year over the last three years (known as annualised) and the level of volatility over the same period. This can be compared against other funds in the peer group, as defined by an independent research company*.

	3 Year Net Return %	Amount based on GBP 1,000 invested	3 Year Volatility %
HSBC OpenFunds - World Selection - Conservative Portfo	4.06	GBP 1126.82	7.71
Peer Group Average - EAA Fund GBP Moderately Cautious AI	3.16	GBP 1097.85	7.02
Lowest Returning Fund in Peer Group	-1.26	GBP 962.82	3.39
Highest Returning Fund in Peer Group	8.00	GBP 1259.84	12.88
Cash	0.61	GBP 1018.26	0.09

An example of a good outcome would be that the HSBC Portfolio return is higher than the peer group's average return and the volatility (risk taken) is lower. However investors should consider their own priorities when it comes to returns and the risk taken to achieve them.

*Morningstar Categories are used to define the peer group comprising funds they deem similar based on fund objectives and holdings. The average is a median.

Monthly Performance Commentary

Portfolio performance

Performance was very modestly negative in January, during a volatile month in which risk sentiment rose initially before fading later in the month.

The World Selection portfolios are long-term investment solutions that seek to maximise risk-adjusted returns (Sharpe ratios) in the long run. Outlook

The first month of 2021 saw financial markets grapple with the interplay between increased vaccine roll-outs and the emergence of new strains of Covid-19. January also saw a brief period of heightened volatility, as several companies targeted by retail traders experienced outsized moves in their share prices.

The global economy remains in a restoration phase of the economic cycle. Activity remains below pre-Covid levels in almost all regions, with the exception of China. It remains the case that the pace of recovery will depend on where we are in the world, on the delivery of the vaccine, and on continued policy support. In some laggard economies, there is scope for cyclical catch-up in 2021.

High unemployment, stressed corporate balance sheets, and fragile confidence mean the global economy needs ongoing policy support.

Encouragingly, recent events have reduced key policy uncertainties. Global central banks continue to rapidly expand balance sheets and the US Federal Reserve and the European Central Bank have adopted lower-for-even-longer rates and new policy frameworks. Whilst the short-term may see fluctuations, inflation is likely to remain modest over the medium term, but the risks of higher inflation have increased in the US.

Compared to the West, monetary policy in China is set to become relatively less expansionary. China's central bank, the People's Bank of China, will focus on liquidity and targeted measures. More widely, across Asia, incremental stimulus will likely be limited. US-China tensions inevitably persist, but the Regional Comprehensive Economic Partnership (RCEP) trade agreement sets a new tone and will have a meaningful economic impact.

Looking ahead, policy error is becoming less likely, and we remain modestly pro-risk. The case remains that ultra-low interest rates and the market recovery have shifted expected returns from risk assets lower and investors need to be realistic about investment returns in the medium-term. Little would need to take place to disappoint markets, such as negative virus news. As such, investors should be vigilantly bullish.

Positioning

Fixed Income

Following market moves, we have moved underweight to inflation linked bonds and moved this allocation into government bonds. Having refreshed our expectations of medium to long term asset class returns, we moved underweight in local currency emerging market debt and trimmed our overweight to asset backed securities, allocating these reductions to government bonds, where we see moderately increased relative value. We continue to have a preference for corporate bonds over government bonds against our long term equilibrium allocations.

Equities

We remain overweight to equities and maintain our preference for emerging markets versus developed markets.

We have removed our allocation to gold and introduced a broader basket of commodities into the portfolio. This position should benefit from cyclical reflation as the global economy continues to recover from the pandemic.

We maintain our defensive allocations with our positions in CHF and JPY currencies, which tend to strengthen in times of increased volatility.

Portfolio

Portfolio Asset Allocation (%)

Global Equity	34.37
Global Fixed Income	53.76
Global Government Bond	25.41
Global Corporate Bond	12.41
Global High Yield Bond	1.77
Global Asset Backed Bond	3.97
Emerging Market Debt - Hard Currency	1.88
Emerging Market Debt - Local Currency	2.77
Global Credit Short Duration	3.88
Asia High Yield Bond	1.67
Property	3.67
Trend Following	5.19
Style Factors	1.97
Commodities	0.00
Cash	1.04

Currency Exposure at Portfolio Level (%)

British pound	66.07
US dollar	15.68
Japanese yen	4.60
Euro	2.30
Hong Kong dollar	1.47
Chinese yuan	1.10
Swiss franc	1.06
South Korean won	0.99
Indian rupee	0.87
New Taiwan dollar	0.80
Other Currencies	5.46

Portfolio Top 10 Holdings

	Weight (%)
HSBC GIF GLOBAL GOVT BD ZQ1	18.66
HSBC FTSE ALL-WORLD INDEX INSTL ACC	14.97
HSBC GLOBAL LIQ STERLING LIQUIDITY Y	13.16
HSBC GIF GLOBAL CORP BD ZQ1	12.41
HSBC AMERICAN INDEX INSTITUTIONAL ACC	5.95
HSBC MULTI FACTOR WORLDWIDE EQUITY ETF	4.88
HSBC GIF GLINGD SCTSD CRDT BD ZC	3.97
HSBC GIF GLOBAL SHORT DURATION BOND ZQ1	3.88
HSBC GIF GLOBAL RE EQ ZQ1	3.67
HSBC GIF GLOBAL EM LOCAL DBT ZQ1	2.77

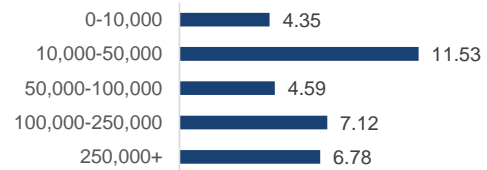
Source: HSBC Global Asset Management, data as at 31 January 2021.

Equity

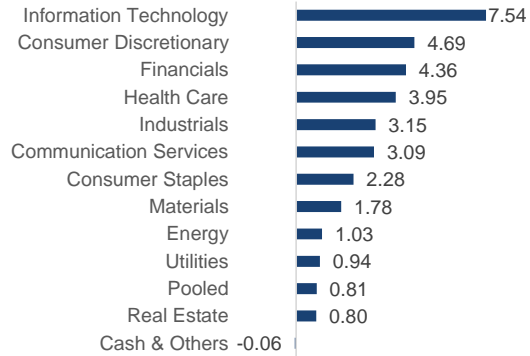
Equity Characteristics

P/E Ratio	18.48
Weighted Average Market Cap (USD Mil)	236,862.70
Dividend Yield	1.89

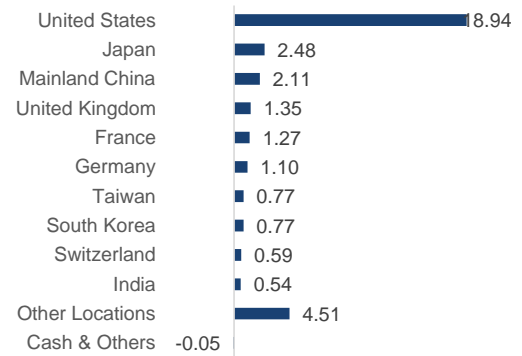
Equity Average Market Cap Breakdown (USD Mil, %)



Equity Sector Allocation (%)



Equity Geographical Allocation (%)



Equity Top 10 Holdings	Location	Sector	Weight (%)
APPLE INC	United States	Information Technology	1.24
MICROSOFT CORP	United States	Information Technology	1.01
AMAZON.COM INC	United States	Consumer Discretionary	0.80
ALPHABET INC-CL A	United States	Communication Services	0.63
TAIWAN SEMICONDUCTOR CO LTD	Taiwan	Information Technology	0.37
FACEBOOK INC-CLASS A	United States	Communication Services	0.36
TENCENT HOLDINGS LTD	Mainland China	Communication Services	0.35
TESLA INC	United States	Consumer Discretionary	0.34
ALIBABA GROUP HOLDING LTD	Mainland China	Consumer Discretionary	0.32
SAMSUNG ELECTRONICS CO LTD	South Korea	Information Technology	0.25

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

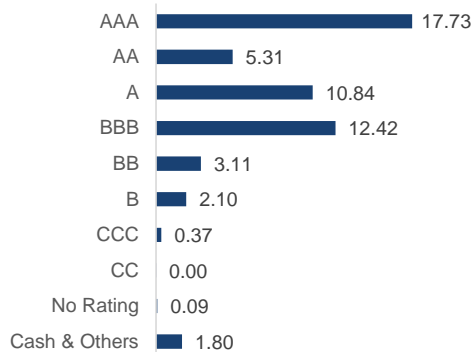
The data displayed in above sections is shown on a look-through basis. This means that the fund may not directly hold these securities and the investment in these securities may be via other funds.

Source: HSBC Global Asset Management, data as at 31 January 2021.

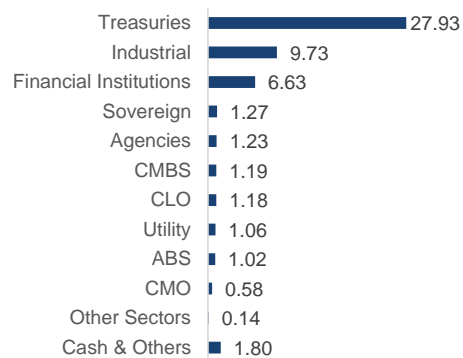
Fixed Income

Fixed Income Characteristics		Fixed Income Characteristics	
Yield to Maturity (Gross)	1.76	Option Adjusted Duration	6.43
Yield to Worst (Gross)	1.68	Rating Average	A+/A

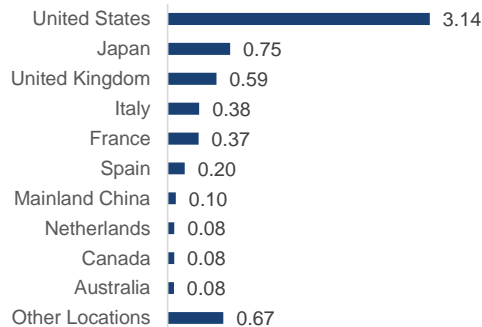
Fixed Income Quality Rating Allocation (%)



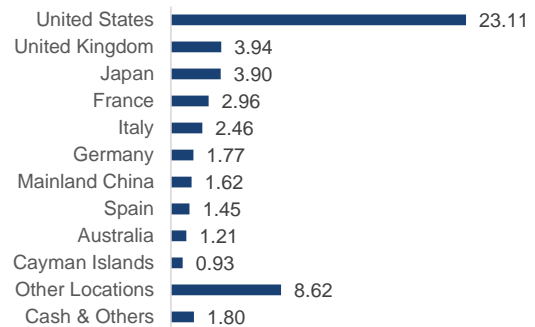
Fixed Income Sector Allocation (%)



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 1.375 31/01/2022	United States	Treasury Note	0.48
US TREASURY N/B 1.750 31/05/2022	United States	Treasury Note	0.44
US TREASURY N/B 0.375 31/12/2025	United States	Treasury Note	0.41
US TREASURY N/B 1.375 31/01/2025	United States	Treasury Note	0.38
BUONI POLIENNALI DEL TES 1.650 01/12/2030	Italy	Government Bond	0.38
US TREASURY N/B 0.250 31/08/2025	United States	Treasury Note	0.37
US TREASURY N/B 1.125 28/02/2022	United States	Treasury Note	0.37
US TREASURY N/B 0.125 31/05/2022	United States	Treasury Note	0.33
US TREASURY N/B 3.375 15/05/2044	United States	Government Bond	0.30
FRANCE (GOVT OF) 0.000 25/02/2023	France	Government Bond	0.29

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 January 2021.

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The fund is a sub-fund of HSBC OpenFunds, an Open Ended Investment Company that is authorised in the UK by the Financial Conduct Authority. The Authorised Corporate Director and Investment Manager is HSBC Global Asset Management (UK) Limited. All applications are made on the basis of the Prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID) and most recent annual and semi-annual reports, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London E14 5HQ, UK; the local distributors or from our website (see below). Investors and potential investors should read and note the risk warnings in the Prospectus, KIID and additionally, in the case of retail clients, the information contained in the supporting SID.

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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