

HSBC OpenFunds - World Selection - Conservative Portfolio

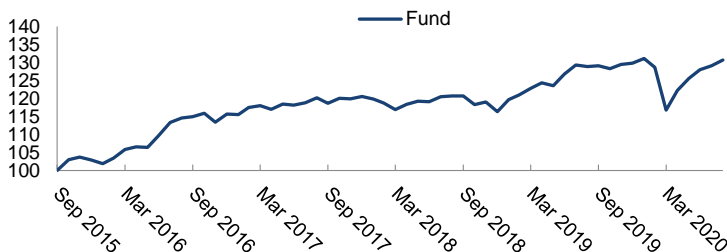
Share Class Income C

31 Aug 2020

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	0.69	1.26	4.07	1.41	2.84	5.27	6.41	0.57

Rolling Performance (%)	31 Aug 2019-31 Aug 2020	31 Aug 2018-31 Aug 2019	31 Aug 2017-31 Aug 2018	31 Aug 2016-31 Aug 2017	31 Aug 2015-31 Aug 2016
Income C	1.41	6.77	0.46	4.91	13.31

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 2020

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	Semi-annually
Dividend ex-date	16 Apr 2020
Dividend Yield ⁴	1.56%
Last Paid Dividend	0.0052
Dealing Frequency	Daily
Valuation Time	12:00 United Kingdom
Min. Initial Investment	GBP 1,000,000
Ongoing Charge Figure ⁵	0.790%
Share Class Base Currency	GBP
Domicile	United Kingdom
ISIN	GB00BQ15ZG67
Share Class Inception Date	04 Dec 2014
NAV per Share	GBP 1.16
Fund Size	GBP 1,089,520,755
Bloomberg Ticker	HWSCPD LN
SEDOL	BQ15ZG6
Manager	Kate Morrissey

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 World Selection Conser Port Acc C	2.84	GBP 1087.56	7.50
Peer Group Average - EAA Fund GBP Moderately Cautious AI	2.01	GBP 1061.37	6.63
Lowest Returning Fund in Peer Group	-5.51	GBP 843.59	3.24
Highest Returning Fund in Peer Group	6.63	GBP 1212.42	12.16
Cash	0.66	GBP 1020.02	0.07

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 positive in August in a risk-on environment.

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

Outlook

With lockdowns having mostly been lifted, economic activity has picked up sharply across a range of economies, albeit from historically depressed levels. However, the pace of recovery remains uncertain, especially beyond Q3.

Our most likely scenario is a "swoosh" type recovery for the global economy; after a sharp rebound, economic activity is likely to recover more gradually. Developed markets are unlikely to reach pre-crisis levels of activity until 2022.

Following the initial shock, we are already witnessing the emergence of relative winners (China, industrialised Asia) and losers (emerging markets ex Asia, smaller oil exporters, frontier economies, and the UK).

The global economy needs ongoing support and positive virus developments. The biggest downside risks to our "swoosh" scenario are fiscal policy mistakes or renewed lockdowns across economies.

We think pricing in many markets is consistent with our baseline expectation of a "swoosh" style economic recovery with some tentative signs of the more optimistic rapid recovery scenario being discounted. Overall, we do not have a big quarrel with market pricing at this point. There are upside risks to markets, linked to better news and price momentum. Meanwhile, downside risks include the re-emergence of the virus, policy error, or long-term damage to economies. We view these risks as roughly balanced which means markets could be range-bound in the coming months.

Positioning

Fixed Income

We continue to have a preference for corporate bonds over government bonds.

Equities

We currently hold a neutral position in equities, with an overweight in Europe out of UK and Japanese equities and an overweight in emerging markets versus developed markets. We continue to hold sectors with more defensive qualities with specific exposure to US Technology, US Healthcare and US Consumer Staples.

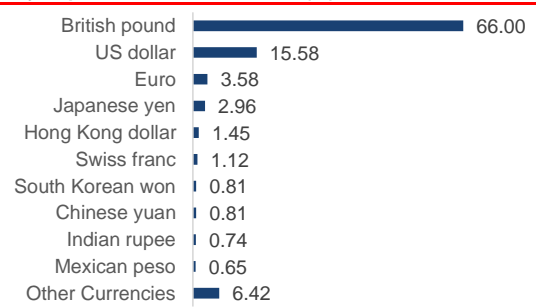
The uncertainty caused by COVID-19 may lead to further disruption and near term market volatility. We have diversified our defensive allocations with a position in gold and added targeted exposure to the haven currencies Swiss Franc and Japanese Yen which tend to strengthen in times of increased volatility and uncertainty.

Portfolio

Portfolio Asset Allocation (%)

Global Equity	32.32
Global Fixed Income	55.02
Global Government Bond	16.55
Global Corporate Bond	22.07
Global High Yield Bond	4.10
Global Asset Backed Bond	4.94
Emerging Market Debt - Hard Currency	2.89
Emerging Market Debt - Local Currency	4.47
Property	3.02
Trend Following	3.10
Style Factors	1.99
Commodities	1.96
Cash	2.59

Currency Exposure at Portfolio Level (%)



Portfolio Top 10 Holdings

	Weight (%)
HSBC FTSE ALL-WORLD INDEX INSTL ACC	15.30
HSBC GIF GLOBAL CORP BD ZQ1	14.53
HSBC GIF GLOBAL GOVT BD ZQ1	13.14
HSBC GLOBAL LIQ STERLING LIQUIDITY Y	11.48
HSBC GIF GLOBAL SHORT DURATION BOND ZQ1	5.29
HSBC GIF GLINGD SCTSD CRDT BD ZC	4.94
HSBC GIF GLOBAL EM LOCAL DBT ZQ1	4.47
HSBC MULTI FACTOR WORLDWIDE EQUITY ETF	3.79
HSBC GIF GLOBAL RE EQ ZQ1	3.02
HSBC GIF GLOBAL EM BD ZQ1	2.89

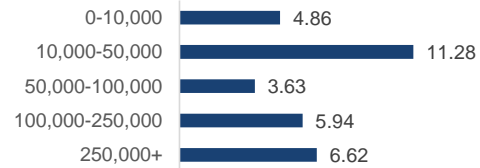
Source: HSBC Global Asset Management, data as at 31 August 2020.

Equity

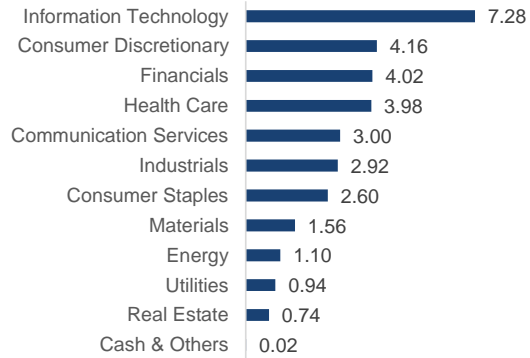
Equity Characteristics

P/E Ratio	16.43
Weighted Average Market Cap (USD Mil)	234,486.20
Dividend Yield	2.16

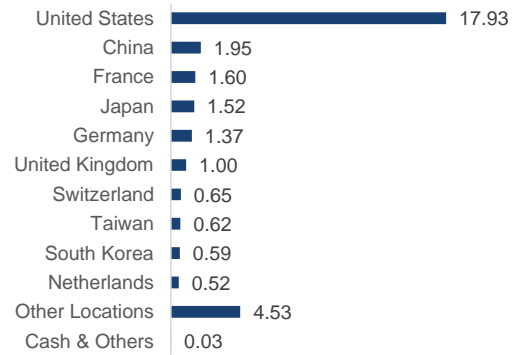
Equity Average Market Cap Breakdown (USD Mil, %)



Equity Sector Allocation (%)



Equity Geographical Allocation (%)



Equity Top 10 Holdings	Location	Sector	Weight (%)
APPLE INC	United States	Information Technology	1.33
MICROSOFT CORP	United States	Information Technology	1.04
AMAZON.COM INC	United States	Consumer Discretionary	0.81
ALPHABET INC-CL A	United States	Communication Services	0.54
FACEBOOK INC-CLASS A	United States	Communication Services	0.39
ALIBABA GROUP HOLDING-SP ADR	China	Consumer Discretionary	0.37
TENCENT HOLDINGS LTD	China	Communication Services	0.28
TSMC LTD	Taiwan	Information Technology	0.26
JOHNSON & JOHNSON	United States	Health Care	0.24
SAP SE	Germany	Information Technology	0.24

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 2020.

Fixed Income

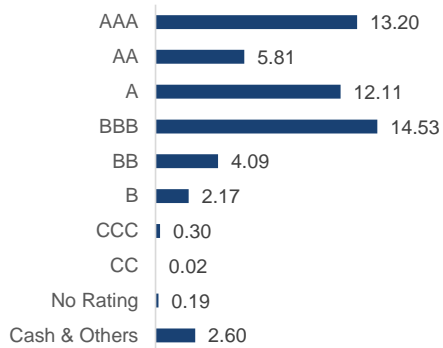
Fixed Income Characteristics

Yield to Maturity (Gross)	2.22
Yield to Worst (Gross)	2.14

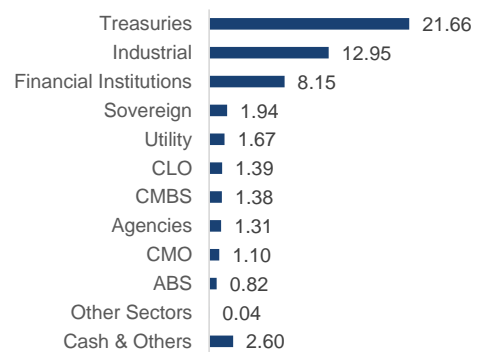
Fixed Income Characteristics

Option Adjusted Duration	6.09
Rating Average	A+/A

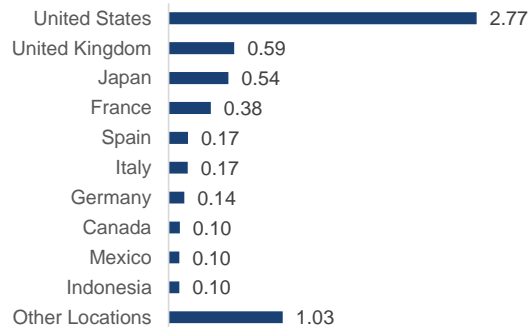
Fixed Income Quality Rating Allocation (%)



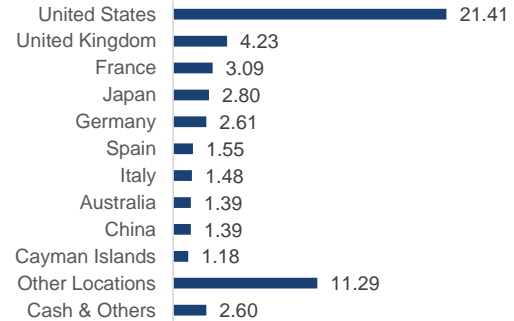
Fixed Income Sector Allocation (%)



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 0.2500 15-APR-23	United States	Treasury Note	1.09
BLTN 0 10/01/20 LTN	Brazil	Government Bond	0.33
CMCSA 1.5 02/15/31	United States	Corporate Bond	0.31
AYR 5.25 08/11/25 144A	United States	Corporate Bond	0.31
DBR 1.5 02/15/23	Germany	Government Bond	0.30
T 0.125 07/15/23	United States	Treasury Note	0.29
T 0.125 05/31/22	United States	Treasury Note	0.29
BMO 3.3 02/05/24 E	Canada	Corporate Bond	0.24
BNP V4.375 03/01/33 144A	France	Corporate Bond	0.20
CAT 0.65 07/07/23	United States	Corporate Bond	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.

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 2020.

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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