Your DC pension pot
– your investment choice

HSBC | futurefocus

For members of the HSBC Bank (UK) Pension Scheme with a DC pension pot

Contents

Introduction

Make the right choice for your DC pension pot

This guide gives you information about how to invest your defined contribution (DC) pension pot. It'll help you make the best choice for you, your family and your future.

HSBC puts money into your DC pension pot each month, plus it matches any contribution you choose to make up to a maximum of 7% of your pensionable salary.

It's up to you to decide how to invest your DC pension pot and you have four options to choose from. It's important to read this guide and think about:

- what you plan to do with your DC pension pot when you retire;
- your attitude to risk; and
- how hands-on you want to be with your investments.

Use this guide to help you manage your DC pension pot

In this guide, we give you an overview of the four options for investing your DC pension pot and provide further information about investments.

We hope it'll help you make the right choice for your future.

Your pensionable salary

This is your annual basic salary capped at the Scheme Earnings Cap, excluding allowances, bonus payments and overtime, but including salary relating to additional hours.

Your DC pension pot options

Understand your options

You can choose the investment option that best matches the type of retirement income you plan to take at Target Retirement Age.

These options are currently available to all members with DC benefits:

1

OPTION ONE:

The Flexible Income Strategy is designed for you to take a flexible income (e.g. income drawdown), spreading the amount and timing of income withdrawals after transferring your DC pension pot out of the Scheme. Find out more on page 7.

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OPTION TWO:

The Lump Sum Strategy is designed for you to take all of your DC pension pot as a cash lump sum. Find out more on page 9.

3

OPTION THREE:

The Annuity Purchase Strategy is designed for you to take 25% of your DC pension pot as a tax-free cash sum and use the balance to buy an annuity (a regular income for life).
Find out more on page 11.

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OPTION FOUR:

Freechoice gives you full control over how your DC pension pot is invested. You can choose from our wide range of funds to target the retirement outcome you hope to achieve. You have experience of investing and want to design and monitor your own investment strategy, Freechoice provides this flexibility.
Find out more on page 13.

You can tell us when you plan to take your retirement income. This is called your Target Retirement Age.
Find out more on page 10.

HSBC pays most of the fees

HSBC pays the administration and investment management fees for the investment options currently available. However, depending on the fund, there may be other investment costs which will be reflected in the daily price of the fund(s) used for your DC pension pot.

The actual annual amount will depend on the funds and frequency of transactions.

Flexible Income Strategy is the default investment option for most members

If you don't tell us the option you'd like, and you:

- joined the scheme on or after 1 March 2018; or
- if you were invested in Income Lifecycle on 7 February 2018 and were at least 12 months away from your Target Retirement Age on 10 April 2018,

we'll automatically invest your DC pension pot and any future contributions in the Flexible Income Strategy[1]. However, this doesn't necessarily mean that it's the right option for you.

It's important for you to take time to read the rest of this guide, so you can find out more about the other options available and decide what's right for you.

[1]If you don't make your own investment choice, your DC pension pot and any future contributions will have been automatically invested as follows:

- Lump Sum Strategy if you were invested in the Cash Lifecycle on 7 February 2018 and were more than 12 months from Target Retirement Age on 10 April 2018.
- Cash Lifecycle if you were invested in the Cash Lifecycle on 7 February 2018 and were less than 12 months from your Target Retirement Age on 10 April 2018.
- Annuity Purchase Strategy if you were invested in the Income Lifecycle on 7 February 2018 and were less than 12 months from Target Retirement Age on 10 April 2018.

Closed investment options

Members should refer to the Appendix if their DC pension pot is invested in any of the following closed options:

- Cash Lifecycle
- Lifecycle 2
- Flexicycle

The Appendix provides more detail about these investment options. These are not available to any member as a new investment choice.

Choose to get financial advice

After you've read about your options, if you're still not sure what to choose, you may want to talk to an independent financial adviser. Go to **www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser** to find out more about finding a financial adviser.

By law it's not possible for the Trustee or your employer to give you financial advice about your DC pension pot.

The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future results.

Ask yourself what's right for you

The option you choose could depend on how confident you feel about making your own investment decisions. It will also depend on your attitude to risk, your age, and what you want to do with your DC pension pot when you retire.

So before considering the options please think about these questions:

- Are you a confident investor with time to regularly review your choice of funds? Or would you prefer to follow a preset investment strategy?
- How will your choices change over time? If you're younger, you might feel comfortable that your investments go up and down in value and may accept taking on risk. As you get older, you may have less time for your investments to recover from any losses, and might want to opt for a more cautious approach.
- When might you want, or be able to afford, to start taking your retirement income?
- When you're ready to use your DC pension pot, will you want to take all or part of it as a cash lump sum? Perhaps you'll prefer a flexible income or the certainty of income from buying an annuity (a regular income for life)? You can also choose a combination of options that best suit your needs. You'll need to transfer your DC pension pot out of the Scheme to access some of these options.

You can find a lot more information about your DC pension pot in the DC member guide located in the Information Centre on futurefocus.

Finding out more

You can read about each one of these options in more detail on pages 7-18.

Choose the right option for you

Let's take a look at your four options in a little more detail.

1 OPTION ONE: Flexible Income Strategy

More about this investment option

The Flexible Income Strategy invests in a pre-selected range of funds. The mix of the funds used for your DC pension pot changes automatically in the approach to your Target Retirement Age and beyond.

This automatic process means that the investment aim (the balance between risk and potential growth) for your DC pension pot changes through time in two phases. These are called the growth and consolidation phases. They are explained below.

Why choose this option?

If you want an investment strategy that is designed for you to:

- Have some of the investment risks managed for you.
- Take 25% of your DC pension pot as a tax-free cash sum at Target Retirement Age (or beyond) and the balance to provide a flexible income (e.g. drawdown income), spreading the amount and timing of withdrawals. To do this you will need to transfer your DC pension pot out of the Scheme to your choice of external pension provider which offers a flexible income option.

Finding out more

If you'd like to know more about investing, **pages 14-15 give you more of the detail.** If you are thinking about this option, you may want to take financial advice. **See page 5 for details of how you can find a financial adviser.**

How this option works

During the growth phase, when you're younger, your DC pension pot is invested in funds with the aim of achieving long-term growth, but this means it will still change in value with the highs and lows of the stock markets. The design of this strategy takes into account that you've still got time for the value of your DC pension pot to potentially recover if stock market prices fall.

Then, as you get closer to retirement age, your DC pension pot is automatically switched into a diverse mix of investments including lower-risk investments such as bonds and cash. This is called the consolidation phase. It aims to provide more limited but continued growth whilst smoothing out some of the stock market's highs and lows. This is to reduce the risk that the value of your DC pension pot will fall sharply before you access it at (or beyond) Target Retirement Age.

Have you chosen the right retirement age?

You can choose the age you want to retire, currently any time between 55 and 75. If you don't make a choice, we'll assume you want to retire at age 65. If you're not planning on retiring at 65, it's important you choose your own Target Retirement Age. Under the Flexible Income Strategy, your DC pension pot will be switched automatically to different funds depending on how long you have until your Target Retirement Age.

If your Target Retirement Age doesn't match your actual retirement age, you might end up with less than you expect because your DC pension pot was not switched at the right time to match your plans.

This is how the Flexible Income Strategy currently invests your DC pension pot over time:

When	What happens
Until 20 years from your Target Retirement Age.	Your DC pension pot is invested 100% in: • Global Equities – passive
From 20 years before your Target Retirement Age.	Investment switches start and continue so that by the time you're 10 years from Target Retirement Age your DC pension pot is invested in: • 50% Global Equities – passive • 50% Diversified Assets – active
From 10 years before your Target Retirement Age.	Investment switches continue so that by the time you reach Target Retirement Age your DC pension pot is invested in: • 40% Diversified Assets – active • 35% Global Bonds – active • 25% Cash – active
From your Target Retirement Age.	If you don't take your benefits, investment switches continue so that by the time you're 5 years beyond Target Retirement Age your DC pension pot is invested in: • 25% Diversified Assets – active • 50% Global Bonds – active • 25% Cash – active

The Flexible Income Strategy investment switches are made gradually, every three months. You can find out more about the objectives of the funds used in the growth and consolidation phases on **pages 16-18 and in the fund factsheets located in the Information Centre on futurefocus.**

Think the Flexible Income Strategy is the right option for you?

Go to:
https://futurefocus.staff.hsbc.co.uk/
and select **Login to My Pension**.
Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

2 OPTION TWO: Lump Sum Strategy

More about this investment option

The Lump Sum Strategy invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot in the approach to your Target Retirement Age and beyond.

Why choose this option?

If you want an investment strategy that is designed for you to:

- Have some of the investment risks managed for you.
- Use all your DC pension pot for a cash lump sum at your Target Retirement Age (or beyond).

How this option works

During the growth phase, when you're younger, your DC pension pot is invested in funds with the aim of achieving long-term growth. Then, as you get closer to your Target Retirement Age, your DC pension pot is moved into lower-risk investments such as bonds and cash. This is called the consolidation phase. It aims to reduce the risk that the value of your DC pension pot will fall sharply before you take it at Target Retirement Age (or beyond).

This is how the Lump Sum Strategy currently invests your DC pension pot over time:

When	What happens
Until 20 years from your Target Retirement Age.	Your DC pension pot is invested 100% in: • Global Equities – passive
From 20 years before your Target Retirement Age.	Investment switches start and continue so that by the time you're 10 years from Target Retirement Age your DC pension pot is invested in: • 50% Global Equities – passive • 50% Diversified Assets – active
From 10 years before your Target Retirement Age.	Investment switches continue so that by the time you reach Target Retirement Age your DC pension pot is invested in: • 75% Global Bonds – active • 25% Cash – active
From your Target Retirement Age.	If you don't take your benefits, investment switches continue so that by the time you're 5 years beyond Target Retirement Age your DC pension pot is invested in: • 50% Global Bonds – active • 50% Cash – active

The Lump Sum Strategy investment switches are made gradually, every three months. You can find out more about the objectives of the funds used in the growth and consolidation phases on **pages 16-18 and in the fund factsheets located in the Information Centre on futurefocus.**

Have you chosen the right retirement age?

You can choose the age you want to retire, currently any time between 55 and 75. If you don't make a choice, we'll assume you want to retire at age 65*. If you're not planning on retiring at 65, it's important you choose your own Target Retirement Age. Under the Lump Sum Strategy, your DC pension pot will be switched automatically to different funds depending on how long you have until your Target Retirement Age.

If your Target Retirement Age doesn't match your actual retirement age, you might end up with less than you expect because your DC pension pot was not switched at the right time to match your plans.

Think the Lump Sum Strategy is the right option for you?

Go to:
https://futurefocus.staff.hsbc.co.uk/
and select **Login to My Pension**.
Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

If you take all of your DC pension pot as cash, under current pensions legislation, you can normally take up to 25% of it tax free; the rest will be taxed as earned income.**

Finding out more

If you'd like to know more about investing, pages 14–15 give you more of the detail.

* If you are a Hybrid member who had AVCs on 30 June 2015, your Target Retirement Age will be the same as the Target Retirement Age for your AVCs.

**You have a different option if you are a Hybrid member or a DB member of the Scheme with AVCs. You may be able to take your whole DC pension pot or AVC pot as a tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

3 OPTION THREE: Annuity Purchase Strategy

More about this investment option

The Annuity Purchase Strategy invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot in the approach to your Target Retirement Age.

Why choose this option?

If you want an investment strategy that is designed for you to:

- Have some of the investment risks managed for you.
- Use 25% of your DC pension pot for a tax-free cash sum and the balance to buy an annuity (a regular income for life) at your Target Retirement Age.

How this option works

During the growth phase, when you're younger, your DC pension pot is invested in funds with the aim of achieving long-term growth. Then, as you get closer to retirement age, your DC pension pot is moved into lower-risk investments such as bonds and cash. As you approach Target Retirement Age, the value of your investment in bonds aims to broadly change in line with the price of buying an annuity.

This is how the Annuity Purchase Strategy currently invests your DC pension pot over time:

When	What happens
Until 20 years from your Target Retirement Age.	Your DC pension pot is invested 100% in: • Global Equities – passive
From 20 years before your Target Retirement Age.	Investment switches start and continue so that by the time you're 10 years from Target Retirement Age your DC pension pot is invested in: • 50% Global Equities – passive • 50% Diversified Assets – active
From 10 years before your Target Retirement Age.	Investment switches continue so that by the time you reach Target Retirement Age your DC pension pot is invested in: • 75% Fixed Annuity Tracker – passive • 25% Cash – active

The Annuity Purchase Strategy investment switches are made gradually, every three months. You can find out more about the objectives of the funds used in the growth and consolidation phases on **pages 16–18 and in the fund factsheets located in the Information Centre on futurefocus.**

Have you chosen the right retirement age?

You can choose the age you want to retire, currently any time between 55 and 75. If you don't make a choice, we'll assume you want to retire at age 65. If you're not planning on retiring at 65, it's important you choose your own Target Retirement Age. Under the Annuity Purchase Strategy, your DC pension pot will be switched automatically to different funds depending on how long you have until your Target Retirement Age.

If your Target Retirement Age doesn't match your actual retirement age, you might end up with less than you expect because your DC pension pot was not switched at the right time to match your plans.

Think the Annuity Purchase Strategy is the right option for you?

Go to:
https://futurefocus.staff.hsbc.co.uk/
and select **Login to My Pension**.
Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

4 OPTION FOUR: Freechoice

An option that gives you flexibility to manage your DC pension pot within 18 investment funds

Freechoice allows you to choose one or a combination of the funds listed on pages 16-18, and switch your DC pension pot between them as your plans and circumstances change. You can make up to 12 changes to your investment choices in a year without paying any administration fees or charges for switching your DC pension pot.

If you select Freechoice, you'll need to review your fund choices and Target Retirement Age regularly to make sure they still meet your goals. This is especially important as you get closer to you Target Retirement Age because your pension pot won't automatically be moved into lower-risk funds.

Why choose this option?

Freechoice allows you to choose investment funds for your DC pension pot that reflect your aims and personal circumstances.

You may want to consider this approach if you:

- have investment experience;
- are comfortable choosing between the different types of investments; and
- have a clear view of your retirement objectives and attitude to investment risks.

Think Freechoice is the right option for you?

Go to:
https://futurefocus.staff.hsbc.co.uk/
and select **Login to My Pension**. Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

The full range of DC funds

These are the funds you can currently invest your DC pension pot in:

Equities	• UK Equities – active • UK Equities – passive • Global Equities – active • Global Equities – passive • Emerging Markets Equities – active • North American Equities – passive • European (excluding UK) Equities – passive • Japanese Equities – passive • Asia Pacific (excluding Japan) Equities – passive
Bonds	• Inflation Linked Annuity Tracker – passive • Fixed Annuity Tracker – passive • Global Bonds – active • Sterling Corporate Bonds - active
Other assets	• Cash – active • Property – active • Diversified Assets – active
Specialised funds	• Sustainable & Responsible Equities – active • Shariah Law Equities – passive

Finding out more

If you'd like to know more about investing, pages 14-15 gives more of the detail.

Know more about investment

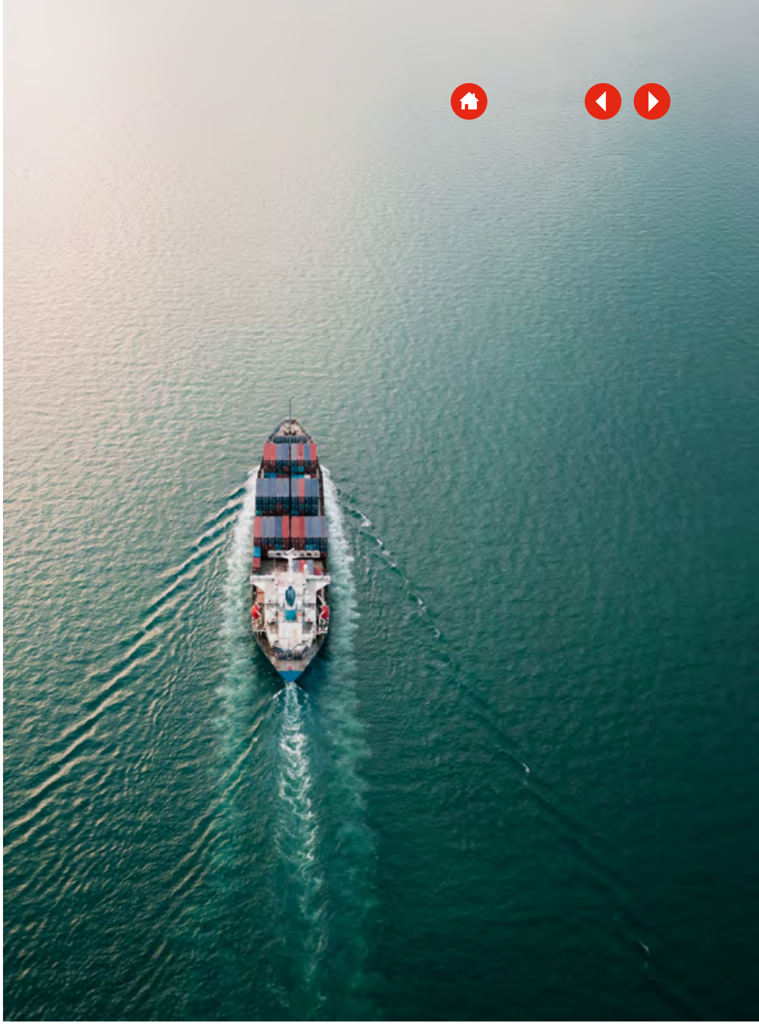
What are investment funds?

Investment funds are pools of money which are invested in different ways, ranging from stocks and shares to commercial property. They're looked after by investment managers.

The Trustee regularly reviews the investment funds to make sure they're still suitable for members. From time to time, the funds available or the investment managers will change.

To keep things running quickly and smoothly, these changes will be made by the Trustee after taking appropriate advice from its advisers.

We will keep you informed but reserve the right to make changes without letting you know in advance. This is important as it allows the Trustee to react quickly to evolving situations.



If you want to know more about different types of funds, these short definitions should help.

Equities
Equity funds invest in shares of companies, traded on the stock markets. In the past, equities have generally risen in value more strongly than bonds or cash. However, they can go down, especially in the short term.

Property
Property funds invest in commercial premises, such as offices, shops and factories in the UK and overseas.

Bonds
Bond funds invest in loans that are made to a company, government or other organisation which pay you interest on the amount you lend them. The interest on bonds can be 'index-linked' which means they increase in line with inflation, or can be 'fixed'. Investing in bonds helps to protect the amount of income you can get through buying an annuity. That's because the cost of buying an annuity depends partly on the price of bonds. UK Government bonds are called gilts.

Diversified assets
Diversified asset funds invest in equities and any kind of investment that offers growth potential that doesn't depend on the stock market to achieve this, like currencies, commodities, higher-risk bonds and property. Many investors use diversified assets as a way to avoid keeping all their eggs in one basket. Diversified asset funds aim to provide growth whilst smoothing out some of the investment market's highs and lows.

Cash
Cash funds are made up of money deposited at banks and building societies and money invested in money market securities. There is the risk that inflation can eat away at the value of the money and a small risk that the value of a cash fund can fall.

Sustainable and responsible equities
These funds invest in equity in companies that are providing solutions to social and/or environmental challenges. This might include themes such as cleaner energy, resource efficiency, sustainable transport, health and welfare. The funds aim is to produce both a positive financial return as well as a positive social or environmental impact.

Shariah law equities
These funds invest in a way that's consistent with Islamic law. They are typically passive funds, made up of equities that track the stock markets, and exclude companies trading in arms, tobacco, alcohol and pork. Each investment is verified by Islamic scholars.

Understand active and passive funds

You may have noticed that some of the funds are called active and some are called passive. The difference is how they're managed.

Passive funds
A passive fund aims to mirror the ups and downs of an index or benchmark. An index is the combined price of a market, like the FTSE 100. The FTSE 100 is an index of the top 100 companies on the London Stock Exchange.

A manager of a passive fund doesn't actively make decisions about how the money should be invested. The passive fund price will go up and down with the level of the index.

Active funds
With these funds, an investment manager actively chooses investments he or she believes will perform better than the corresponding index although there's no guarantee this will happen.

Some of our active funds have benchmarks which the fund tries to outperform and others have medium to longer term targets that they try to achieve. In the short term, funds may underperform or outperform the target.

Know the different types of risk

Pension experts often talk about the different types of risk involved in saving for your retirement.

It's particularly important to understand these risks if your DC pension pot is invested in Freechoice or Flexicycle funds, because you'll be making investment decisions for yourself. Here are three of the main types of risk to bear in mind:

Capital risk
This is the risk that the value of your investments will fall. Investors in higher capital risk funds should expect to see above average growth over the long term, but might see big falls in value in the short term. The younger you are, the less worried you might be about capital risk, because your investments have time to recover their value before you retire. Higher capital risk funds may be less suitable if you are close to retirement and want more certainty.

Inflation risk
This is the risk that the value of your investments will grow more slowly than prices rise. Inflation can be a problem for pension savings invested in cash or bond funds particularly if the interest you're earning is less than the rate of inflation and you are some way from retirement.

Pension conversion risk
The price of an annuity changes on a regular basis. This means that the amount of income you can secure with the same amount of money will change. Pension conversion risk is the risk that the amount of income you can buy drops before you retire, because your money is invested differently to annuity funds. That's why, if you wish to buy an annuity to provide a regular income through retirement, putting more of your DC pension pot into bonds to try to match annuity prices as you get closer to retirement age can help protect against this risk. If you wish to continue investing your pension savings during retirement and access drawdown then this is less of a concern.

The value of members' DC pension pots are always linked to the price of the investment funds which make up their investment choice. This means that the value of members' DC pension pots are not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future results.

Compare the funds and risks for each

This table may be useful if you choose Freechoice because this option lets you make decisions on which funds to invest in. It may also be helpful to members who have previously chosen funds in Flexicycle.

Actively managed funds

Fund name	Objective	Description	Benchmark/Target	Capital risk	Inflation risk	Pension conversion risk
UK Equities – active	To provide long-term capital growth by investing predominantly in UK listed shares. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests mostly in UK listed shares. The fund aims to outperform the benchmark over the long term.	FTSE All Share Index	High	Medium	High
Global Equities – active	To provide long-term capital growth by investing in global listed shares. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests in global listed shares. The fund aims to outperform the benchmark over the long term.	85% FTSE All-World Index, 15% MSCI Emerging Markets Index	High	Medium	High
Emerging Markets Equities – active	To provide long-term capital growth by investing in shares predominantly listed in developing countries. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests in shares mostly listed in developing countries. The fund aims to outperform the benchmark over the long term.	MSCI Emerging Markets Index	Very high	Medium	High
Sustainable & Responsible Equities – active	To provide long-term capital growth by investing in global listed shares in companies that operate in a sustainable and responsible manner. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests in global listed shares in companies that operate in a sustainable and responsible manner. The fund aims to outperform the benchmark over the long term.	FTSE World Index	Very high	Medium	High
Global Bonds – active	To provide long-term capital growth by investing in global fixed-income assets, including government and corporate bonds and other fixed income assets . The fund aims to have less capital risk than an equities based fund and provide growth above inflation over the long term.	Invests to achieve exposure to global government and corporate bonds. The fund aims to achieve the target over the long term.	Sterling Overnight Index Average (SONIA) + 2% p.a. over five year rolling period	Medium	Medium/ High	Medium

Fund name	Objective	Description	Benchmark/Target	Capital risk	Inflation risk	Pension conversion risk
Diversified Assets – active	To provide long-term capital growth by investing in a broad range of asset classes including global listed shares, bonds, and a range of alternative assets. The fund aims to have less capital risk than a shares /equities based fund. Over the long term the fund aims to perform in line with the benchmark and provide growth above inflation.	Invests in a broad range of asset classes including equities, bonds, and a range of alternative assets. The fund aims to achieve the target over the long term.	SONIA + 3% p.a	Medium	Medium	Medium/ High
Property – active	To provide long-term capital growth by investing in commercial property, directly (mainly) in the UK and/ or indirectly via property companies listed around the world. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests in commercial property, directly (mainly) in the UK and/or indirectly via property companies listed around the world. The fund aims to outperform the benchmark over the long term.	IPD UK Pooled Property Fund All Balanced Index	Medium/ High	Medium	High
Cash – active	To protect the absolute value of the investment by investing in deposits and other short term money market instruments. The fund aims to perform in line with the benchmark.	Invests in deposits and other short-term money market instruments. The fund aims to perform in line with the benchmark.	SONIA	Very low	Very high	Medium
Sterling Corporate Bonds – active	To provide long-term capital growth by investing predominantly in investment grade corporate bonds of UK companies. The fund aims to have less capital risk than an equities based fund. Over the long term the fund aims to outperform the benchmark and provide growth above inflation.	Invests mainly in investment grade corporate bonds of UK companies. The fund aims to outperform the benchmark over the long term.	iBoxx Sterling Non-Gilts index	Medium	High	Low/ Medium

Passively managed funds

Fund name	Objective	Description	Benchmark/Target	Capital risk	Inflation risk	Pension conversion risk
UK Equities – passive	To provide long-term capital growth by investing in UK listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests in UK listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All Share Index	High	Medium	High
Global Equities – passive	To provide long-term capital growth by investing in global listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests in global listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All World (ex CW) Climate Balanced Factor Index[1] (75% Sterling hedged - developed markets only)	High	Medium	High
Shariah Law Equities – passive	To provide long-term capital growth by investing in global listed shares in a Shariah compliant manner. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests in global listed shares in a Shariah compliant manner. The fund aims to perform in line with the benchmark.	Dow Jones Islamic Titans 100 Index	High	Medium	High
North American Equities – passive	To provide long-term capital growth by investing predominantly in North American listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests predominantly in North American listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All World North America Index	High	Medium	High
European (ex UK) Equities – passive	To provide long-term capital growth by investing predominantly in European (ex UK) listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests predominantly in European (excluding UK) listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All World Developed Europe (ex UK) Index	High	Medium	High
Japanese Equities – passive	To provide long-term capital growth by investing predominantly in Japanese listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests predominantly in Japanese listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All World Japan Index	High	Medium	High

Fund name	Objective	Description	Benchmark/Target	Capital risk	Inflation risk	Pension conversion risk
Asia Pacific (ex Japan) Equities – passive	To provide long-term capital growth by investing predominantly in developed Asia Pacific (ex Japan) listed shares. Over the long term the fund aims to perform in line with the benchmark as closely as possible and provide growth above inflation.	Invests predominantly in Asia Pacific (excluding Japan) listed shares. The fund aims to perform in line with the benchmark as closely as possible.	FTSE All World Developed Asia Pacific (ex Japan) Index	High	Medium	High
Inflation Linked Annuity Tracker – passive	To mitigate against pension conversion risk (for indexed annuities) by investing predominantly in corporate bonds and inflation linked government bonds, predominantly issued in the UK.	Invests in long term inflation linked bonds issued by the UK Government and sterling corporate bonds. It aims to broadly match the changes in indexed annuity prices.	No current suitable comparator	Medium	Low	Low (indexed annuities)
Fixed Annuity Tracker – passive	To mitigate against pension conversion risk (for non-increasing and fixed increase annuities) by investing in corporate bonds and government bonds, predominantly issued in the UK.	Invests in UK Government gilts and sterling corporate bonds. It aims to broadly match the changes in non-increasing and fixed increase annuity prices whilst using the benchmark only for performance monitoring purposes.	FTSE Annuities Index	Medium	High	Low (non-increasing and fixed increase annuities)

[1]The Global Equities – Passive fund is currently invested in a fund which tracks an index which may not be in line with market capitalisation weightings. The benchmark index is designed to favour investment in companies which exhibit economic characteristics that are expected to lead to higher returns or lower risk than a market capitalisation weightings approach, and companies which are less carbon-intensive or earn green revenues. The benchmark index incorporates a number of factor biases and there may also be stock exclusions based on specific criteria which include the failure by a company to meet minimum standards as determined by the investment manager. Current exclusions include manufacturers of controversial weapons and companies which fail to meet the underlying investment manager's minimum standards related to low carbon transition and corporate governance standards.

Finding out more about fund performance

You can find out how the funds are performing from the DC fund factsheets which are produced after the end of every quarter.

You'll find the latest DC fund factsheets in the Information Centre on **https://futurefocus.staff.hsbc.co.uk/**

Making your decision

Let us know your choice

We hope this guide has given you enough information to help you choose which option is right for you.

If you're still not sure, you may want to talk to an independent financial adviser. For more information or to find an independent financial adviser, go to: **https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

By law, neither the Trustee or your employer can give you financial advice.

"

You can **choose where to invest your DC pension pot online** by going to **https://futurefocus.staff.hsbc.co.uk/** and clicking **Login to My Pension**. Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

What happens if you don't choose an option

If you don't tell us your choice, your DC pension pot and any future contributions will be invested automatically for you in the Flexible Income Strategy option* and we will assume that you are going to retire at 65**. If you want to change your retirement age, you can do that. Please just let us know using **Login to My Pension** to make your change.

* Some members were automatically invested in the Cash Lifecycle, Lump Sum Strategy or Annuity Purchase Strategy, see page 5 for more information.

** If you are a Hybrid member who had AVCs on 30 June 2015, your Target Retirement Age will be the same as the Target Retirement Age for your AVCs.

Review your investments and retirement age
Whatever you choose, remember that any investment choice you make for your DC pension pot isn't a one-off decision. It's something you should review regularly especially as you get closer to the age when you want to retire, or as your personal circumstances change.

Help to review your pension savings
If you choose the Flexible Income, Lump Sum or Annuity Purchase strategies, we'll write to you whenever we make a change to your investments. That might be a good time for you to make sure your investment choice and Target Retirement Age are still right for you.

Help if you need it

If you are a DC member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, WTW.

Contact details

phone: **01737 227575**

email: **HSBCpension@willistowerswatson.com**

post: **HSBC Administration Team**
WTW
PO Box 652
Redhill
Surrey
RH1 9AL

If you are a hybrid member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, Equiniti.

Contact details

phone: **0371 384 2631**

email: **HSBCHybridPensions@equiniti.com**

post: **HSBC Bank (UK) Pension Scheme**
PO Box 5227
Lancing
BN99 9FN

Keep up to date online

My Pension at work, at home and on the go

If you want to keep track of your DC pension pot, change your investment options, or get illustrations of what your DC pension pot could be worth, you can do it online.

At work – go to: **https://futurefocus.staff.hsbc.co.uk/** and click on **Login to My Pension**.

At home – go to: **https://futurefocus.staff.hsbc.co.uk/** click on **Login to My Pension** then enter your user ID and password.

Your **user ID:** HSBC + your 8 digit employee ID + the year you were born.

So, if your employee ID is 00001234 and you were born in 1986, your user ID is HSBC000012341986.

Notes about your DC pension pot
The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future results.

Note from the Trustee
The Trustee keeps the range of investments described in this brochure under review and may, from time to time, make changes to the funds including removing or replacing some or all of the options and changing the underlying components of the investment strategies on offer from time to time.

Mobile app

Download 'Track My Pension' from the Apple App Store or the Google Play Store. Or use the QR codes:

Apple App Store:

Google Play Store:

You'll need a password to use the app. To get yours, go to **Login to My Pension** and click on mobile application password.

futurefocus

To find information about the Scheme and your pension go to: **https://futurefocus.staff.hsbc.co.uk/**

APPENDIX

Closed investment options

The Scheme has a number of closed investment options; **Cash Lifecycle, Flexicycle** and **Lifecycle 2**. These are not available to any member as a new investment choice.

If you are currently using one of these closed investment options you can continue to invest your DC pension pot in that option. Alternatively, you can choose to switch to one of the current options covered in the front end of this guide at any time. However, once you have moved from one of the closed investment options, it will no longer be available to you.

Cash Lifecycle

For members who have their DC pension pot invested in the Cash Lifecycle

More about this closed investment option:

Cash Lifecycle invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot in the approach to your Target Retirement Age. By the time you reach your Target Retirement Age, all your DC pension pot will be invested in the Cash Fund – active.

If you plan to take all your DC pension pot as a cash lump sum, the Cash Lifecycle aims to reduce the risk of your DC pension pot dropping in value just before you retire.

This is how the Cash Lifecycle currently invests your DC pension pot over time:

When	What happens
Until 20 years from your Target Retirement Age.	Your DC pension pot is invested 100% in: • Global Equities – passive
From 20 years before your Target Retirement Age.	We gradually move some of your money into: • Diversified Assets – active
From 3 years before your Target Retirement Age.	We also start moving some of your money into: • Cash – active
From your Target Retirement Age.	Your DC pension pot will be: • 100% Cash – active

Finding out more

If you'd like to know more about investing, pages 14–15 gives you more information.

You can find out more about the objectives of the funds used in the **Cash Lifecycle in the fund factsheets located in the Information Centre on futurefocus.**

Members using **Cash Lifecycle** can choose to switch to any of the current investment options **(see pages 7–18)** at any time.

If you take all of your DC pension pot as cash, under current pensions legislation, you can normally take up to 25% of it tax free; the rest will be taxed at your marginal rate of tax.*

* You have a different option if you are a Hybrid member or a DB member of the Scheme with AVCs. You may be able to take your whole DC or AVC pot as a tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

Lifecycle 2

For members who have their DC pension pot invested in Lifecycle 2

More about this closed investment option:

Lifecycle 2 was an investment strategy open to members of the Scheme before September 2011. It closed to new members at September 2011, but members who already invested in Lifecycle 2 can continue to invest in it.

Lifecycle 2 is designed for members who plan to use some or all of their DC pension pot to buy an annuity income when they retire.

How does Lifecycle 2 work?

Lifecycle 2 invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot in the approach to your Target Retirement Age.

If you plan to buy a regular income for life (also called an annuity), Lifecycle 2 is designed to manage some of the investment risks for you. It aims to give your DC pension pot the opportunity to grow as much as possible, but to limit the risks as you get closer to retirement. Until five years before your retirement age, we invest your money in funds designed for long-term growth. But, in the five years before your retirement age, we move your money into bonds and cash – lower risk investments – so that your pension pot size is expected to move more in line with any changes in fixed annuity market prices.

How does Lifecycle 2 currently invest my money?

When	What happens
Until 5 years from your Target Retirement Age.	We invest your money in three funds, as follows: • 60% in Global Equities – active • 20% in Property – active • 20% in Diversified Assets – active
From 5 years before your Target Retirement Age.	We start moving your money so that, at your Target Retirement Age, your DC pension pot will be: • 75% Fixed Annuity Tracker – passive • 25% Cash – active

Your retirement age is 65 unless you have told us you want to retire at a different age. You can choose any age (in complete years) from 55 to 75.

You can find out more about the objectives of the funds used in the **Lifecycle 2 in the fund factsheets located in the Information Centre on futurefocus.**

Members using **Lifecycle 2** can choose to switch to any of the current investment options **(see pages 7–18)** at any time.

Please note:

If you are no longer thinking of taking an annuity income at retirement, your circumstances have changed or your plans change in the future – for example you are thinking of retiring at a different age – you may find that another investment option is more suitable for you.

You can choose to switch to any of the current investment options (see pages 7 to 18) or change your Target Retirement Age using My Pension.

Flexicycle

For members who have their DC pension pot invested in Flexicycle

More about this closed investment option:

Flexicycle provided you with a choice of:

- growth phase funds for when you have many years to Target Retirement Age; and
- consolidation phase funds for when you are closer to Target Retirement Age.

You could choose your own investment strategy by selecting your preferred growth and consolidation phase funds and the point at which your DC pension pot would switch between them. You could select to begin switching from 5, 10 or 15 years before Target Retirement Age. You also had to decide whether you wanted 0% or 25% of your DC pension pot invested in cash at Target Retirement Age.

There was also the option for you to have 100% of your DC pension pot invested in cash at Target Retirement Age if you planned to take all your DC pension pot as a cash lump sum at Target Retirement Age.

The following funds were available for you to select:

Growth phase funds	Consolidation phase fund
Global Equities – passive	Fixed Annuity Tracker – passive
Global Equities – active	Inflation Linked Annuity Tracker – passive
Diversified Assets – active	Diversified Assets – active
Sustainable & Responsible Equities – active	Cash – active
Emerging Markets Equities – active	

You can view your **choice of growth and consolidation phase funds** on **Login to My Pension**. Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu. There is more information available about the objectives of the funds used in the growth and consolidation phases in the fund factsheets located in the Information Centre on **futurefocus**.

Members using **Flexicycle** can choose to switch to any of the current investment options **(see pages 7–18)** at any time.

Your **Flexicycle** strategy was fixed at **9 April 2018**. This means that, whilst the automatic switching will begin in line with your selection, you cannot make any further investment fund or strategy changes within **Flexicycle** other than to update your Target Retirement Age.

This guide takes account of the Trustee's understanding of the UK tax and social security legislation in force as at June 2022. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

Issued by HSBC Bank Pension Trust (UK) Limited
July 2023

HSBC Bank Pension Trust (UK) Limited, 8 Canada Square, London, E14 5HQ Registration number: 489775

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