

# The DC Funds

Fixed Annuity Tracker - passive as at 30 September 2021

## Fund objective

To mitigate against pension conversion risk (for non-increasing and fixed increase annuities)

### Fund Facts

**Launch Date:**  
23/2/2007

**Fund size:**  
£70.18m

**Price Per Share:**  
266.60p

**Base Currency:**  
GBP

**Does this fund form part of an HSBC default strategy?**

Yes - Lifecycle 2, Annuity Purchase Strategy

**Charges:**

Inv Mgmt Charges: 0.00%  
Additional Charges: 0.00%

**Current Underlying**

**Fund(s):**  
100% L&G Pre-Retirement Bond Fund

**Current Benchmark:**

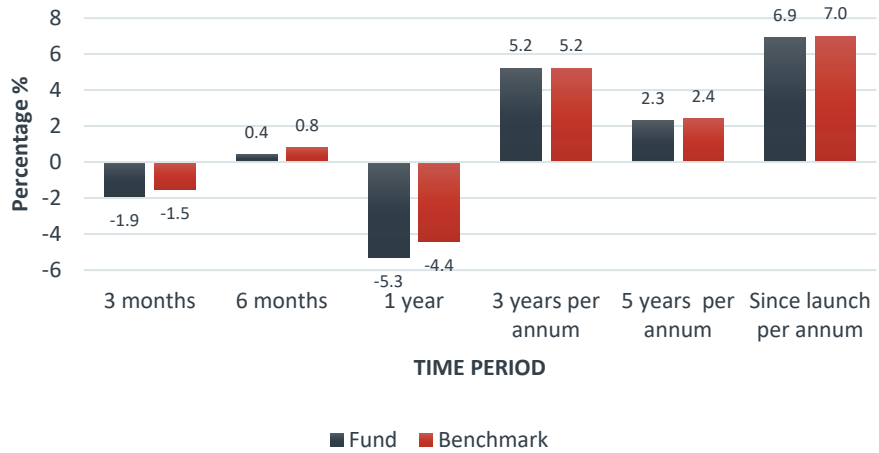
A composite of Gilts and Corporate Bonds

**Charges:**

HSBC pays the investment management charges – not you. However, there may be costs within some of the funds and these will be reflected in the unit price.

These nominal costs are variable and are likely to be between nil and 0.2% a year.

## Fund Performance



### Note

Past performance is not a guide to future performance. The figures are shown in Sterling and have been calculated using actual returns since the introduction of the current DC fund range. Source: FIL Life Insurance Ltd. Single priced (i.e. no bid/offer spread), gross income reinvested and net of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day.

## For members of the HSBC Bank (UK) Pension Scheme

### Fund performance (continued)

	30 Sept 2020 - 30 Sept 2021	30 Sept 2019 - 30 Sept 2020	30 Sept 2018 - 30 Sept 2019	30 Sept 2017 - 30 Sept 2018	30 Sept 2016 - 30 Sept 2017
	%	%	%	%	%
Fund	-5.3	6.3	15.7	0.1	-4.1
Benchmark	-4.4	5.8	15.2	0.6	-4.0
Relative Performance	-0.9	0.5	0.5	-0.5	-0.1

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Source: FIL Life Insurance Ltd. Single priced (i.e. no bid/offer spread), gross income reinvested and net of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day.

### Market Commentary

Fixed income markets generated mixed returns over the quarter, with corporate bonds outperforming government bonds. After falling in July, core government bond yields rose in August and September, as persistent inflation dynamics raised monetary policy concerns. The US Federal Reserve signalled that it could start winding down its asset purchases soon. The Bank of England (BoE) also indicated that it is considering raising interest rates before tapering its quantitative easing and the European Central Bank also decided to lower the Pandemic Emergency Purchase Programme (PEPP). The increase in UK government bond (Gilt) yields was more pronounced towards the front and middle of the curve, as two-year Gilt yields jumped to their highest level since April 2020. In the corporate bond space, credit spreads widened particularly in the second half of the period amid rising volatility related to China property sector, supply chain constraints, spiking input prices and a surge in Covid-19 cases. Source: Fidelity. This is general market commentary and should not be considered as advice.

#### TOP 10 HOLDINGS

1	UK Gilt 4.25% 2049	9.19%
2	UK Gilt 4.5% 2042	6.60%
3	UK Gilt 4.5% 2034	6.34%
4	UK Gilt 1.5% 2047	4.95%
5	UK Gilt 4.25% 2055	3.71%
6	UK Gilt 4.75% 2038	2.51%
7	UK Gilt 4% 2060	1.50%
8	Pfizer 2.735% 2043	0.76%
9	GSK 5.25% 2042	0.72%
10	BHP Billiton 4.3% 2042	0.63%
	<b>TOTAL</b>	<b>36.91%</b>

#### ASSET BREAKDOWN

1	Corporates	45.71%
2	Gilts	35.07%
3	Collateralized	9.88%
4	Sub-Sovereigns	9.03%
5	Sovereigns	0.31%
	<b>TOTAL</b>	<b>100.00%</b>

#### INDUSTRY SECTOR BREAKDOWN

1	Utilities	11.23%
2	Consumer Services	5.26%
3	Health Care	4.17%
4	Financial Services	3.32%
5	Industrials	3.26%
6	Telecommunications	3.23%
7	Oil & Gas	1.24%
8	Basic Materials	0.90%
9	Technology	0.68%
10	Other Non-Credit Assets	66.71%
	<b>TOTAL</b>	<b>100.00%</b>

#### YEARS TO MATURITY

1	25 to 30	19.51%
2	15 to 20	16.44%
3	20 to 25	16.36%
4	10 to 15	13.39%
5	5 to 10	11.64%
6	30 to 40	10.82%
7	0 to 5	9.69%
8	Over 40	2.15%
	<b>TOTAL</b>	<b>100.00%</b>

## For members of the HSBC Bank (UK) Pension Scheme

### Risk rating

● Very low  
 ● Low  
 ● Low/medium  
 ● Medium  
 ● Medium/high  
 ● High  
 ● Very high

All investments carry a level of risk. You need to decide how much of each type of risk you're prepared to take. The table below gives an overview of some of the risks associated with this fund

Risk type	Description of risk	Level of risk for this fund
<b>Capital Risk</b>	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.	<span style="color: #FFA500; font-size: 24px;">M</span>
<b>Inflation Risk</b>	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.	<span style="color: #FFA500; font-size: 24px;">M</span>
<b>Pension Conversion Risk</b>	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.	<span style="color: #008000; font-size: 24px;">L</span>

### About the factsheet

It is important to remember that the price of units can go down as well as up. There's no guarantee that you'll get back the amount that goes into your DC pension pot. Changes in rates of currency exchange, particularly where overseas securities are held, could also affect the value of your investment. Although the funds can typically be bought and sold on a daily basis, fund managers may need to delay when you can access your holdings in a fund(s) due to exceptional market circumstances. All funds are provided through FIL Life Insurance Ltd and may invest in securities issued by or hold deposits with HSBC Holdings plc and associated companies. The Trustee can change the underlying managers or funds within this fund, or decide to withdraw or replace the fund at any time, without member consent or prior notification. This factsheet should be read alongside the investment guide.

Making fund choices is an important decision that could have a significant effect on your benefits. This factsheet has been produced to provide you with fund information and is not designed to provide advice or a recommendation on the suitability of an investment for your personal financial circumstances. The Trustee cannot give you financial advice about your fund choices. Consider taking independent financial advice before making any investment decisions.

**Valuation time:** Business days at 5:00pm (UK time)

**Dealing Process:** The cut off time for switch instructions is 2:00pm each business day.

### Contact us

You can find more Scheme information at: [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk)

If you have any questions contact the Scheme Administrator, Willis Towers Watson, at: Email: [HSBCpension@willistowerswatson.com](mailto:HSBCpension@willistowerswatson.com)

Phone: 01737 227 575

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