

Fund objective

To provide long-term capital growth in excess of UK price inflation. The fund aims to have less capital risk than an equities based fund.

Fund description

The Fund currently invests in two underlying funds which invest in predominantly investment grade corporate and government fixed interest securities on a global basis, as well as higher return seeking bonds including the emerging markets and high yield. The investment managers have discretion over which bond instruments to hold and when to buy/sell them, with an aim to delivering a positive and stable investment returns over all market cycles. ESG factors are considered within the investment process where relevant.

Fund Facts

Launch Date:
2/3/2015

Fund size:
£187.26m

Price Per Share:
262.9p

Base Currency:
GBP

Does this fund form part of an HSBC default strategy?
Yes - Flexible Income Strategy, Lump Sum Strategy

Charges:
Inv Mgmt Charges: 0.00%
Additional Charges: 0.02%

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.

Current Underlying Fund(s):
50% M&G Total Return Credit Fund
50% Newton Global Dynamic Bond Fund

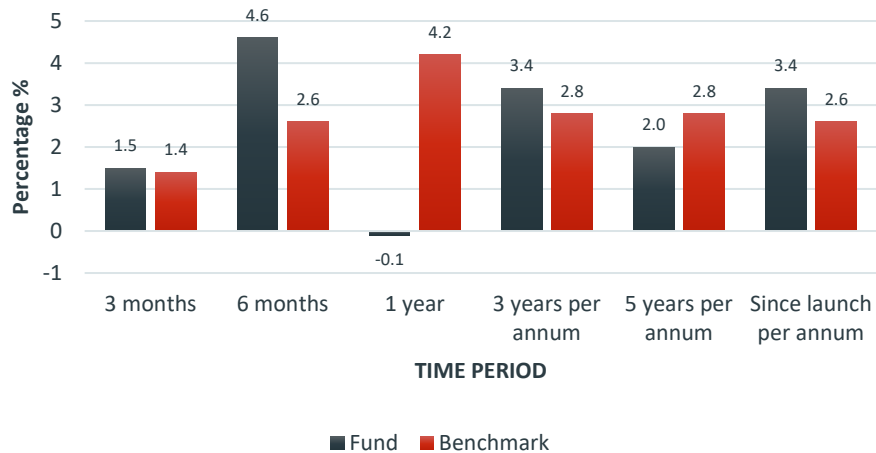
Current Benchmark:
SONIA +2% (per annum over a rolling 5 year basis)

Volatility (% per annum):

| | 3 Years | 5 Years |
|-------------------|---------|---------|
| Fund: | 3.7 | 3.9 |
| Benchmark: | 0.3 | 0.3 |

Annualised volatility: a measure of how variable returns for a fund or comparative market index have been around their historical average (also known as "standard deviation"). Two funds may produce the same return over a period. The fund whose monthly returns have varied less have a lower annualised volatility and may be considered to have achieved its returns with less risk. The calculation is the standard deviation of monthly returns presented as an annualised number. Volatility for funds and indices are calculated independently of each other.

Fund Performance



Note

Total fund performance is made up of a composite of all the current and historic underlying investment manager(s) fund arrangement(s). As such, the longer-term performance shown may not solely reflect that of the current investment manager fund arrangement(s) for this fund. 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, 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)

| | 31 Mar 2022 - 31 Mar 2023 | 31 Mar 2021- 31 Mar 2022 | 31 Mar 2020 - 31 Mar 2021 | 31 Mar 2019 - 31 Mar 2020 | 31 Mar 2018 - 31 Mar 2019 |
|-----------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| | % | % | % | % | % |
| Fund | -0.1 | -0.4 | 11.2 | -1.2 | 0.8 |
| Benchmark | 4.2 | 2.1 | 2.1 | 2.7 | 2.7 |
| Relative Performance | -4.3 | -2.5 | 9.1 | -3.9 | -1.9 |

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Market Commentary

Fixed income markets registered broad-based gains. The period started on a positive note, as investors were hopeful that monetary policy tightening may be coming to an end. China's economic re-opening and a fall in natural gas prices in Europe led to expectations of an improvement in global growth. However, sentiment turned negative in February, as strong economic data from the US and higher than expected inflation pointed to the likelihood of future rate hikes. However, markets witnessed substantial volatility in March after the collapse of Silicon Valley Bank, which led to fears over broader contagion across the banking system. Credit Suisse also dominated headlines as it came under investor scrutiny and was finally acquired by UBS with guarantees from the Swiss government. The significant market turmoil in March saw investors recalibrating future rate hikes, thus leading to the strong performance of global government bonds. Credit spreads also tightened amid a positive risk sentiment, particularly at the start of the period. On the Purchasing Managers' Index (PMI) front, the US' composite PMI jumped to 53.3 in March (according to preliminary data), recording the fastest growth since May 2022. Data appeared encouraging across regions, with emerging markets such as India, Indonesia and Thailand emerging as bright spots. China's PMI moved into expansionary territory in January for the first time in months, as production and business activity geared up on the back of reopening measures. In March, the eurozone's flash composite PMI reached a 10-month high of 54.1, driven by services demand, even as factory output remained weak. Source: Fidelity. This is general market commentary and should not be considered as advice.

| ASSET BREAKDOWN | | |
|-----------------|------------------------------|----------------|
| 1 | Quasi and foreign government | 33.52% |
| 2 | Industrials | 25.43% |
| 3 | Financials | 19.39% |
| 4 | Net cash and derivatives | 13.48% |
| 5 | Securitised | 5.11% |
| 6 | Utilities | 3.07% |
| | TOTAL | 100.00% |

| CREDIT RATINGS BREAKDOWN | | |
|--------------------------|--------------------------|----------------|
| 1 | AAA | 24.08% |
| 2 | AA | 4.29% |
| 3 | A | 6.01% |
| 4 | BBB | 25.53% |
| 5 | BB | 18.52% |
| 6 | B | 6.28% |
| 7 | Below B | 1.81% |
| 8 | Net cash and derivatives | 13.48% |
| | TOTAL | 100.00% |

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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 |
|-------------------------|---|-----------------------------|
| 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. | M |
| 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. | MH |
| 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. | M |

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

If you are a Defined Contribution (DC) only member and have any questions, please contact the DC Scheme Administrator, Willis Towers Watson, at:
Email: HSBCpension@willistowerswatson.com; **Phone:** 01737 227 575

If you are a hybrid member and have any questions, please contact the Defined Benefit Scheme Administrator, Equiniti, at:
Email: HSBCHybridPensions@equiniti.com; **Phone:** 0371 384 2631

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