

# Investment-linked policy sub-funds

Semi-annual unaudited report for the six months ended 31 December 2017.



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## Fund Updates

### 1 July 2017 to 31 December 2017

#### 1. **Change in sub-managers of the Deutsche Singapore Equity Fund, the underlying sub-fund of HSBC Insurance Singapore Balanced Fund**

We have been informed by the Deutsche Asset Management (Asia) Limited that the sub-managers of the Deutsche Singapore Equity Fund will be changed from Manulife Asset Management (Singapore) Pte.Ltd to Deutsche Asset Management (Hong Kong) Limited with effect from 1 December 2017.

There is no change to the investment objective, focus and approach payable by shareholders of the Deutsche Singapore Equity Fund. The fees and expenses payable to Deutsche Asset Management (Hong Kong) Limited will be paid by Deutsche Asset Management (Asia) Limited will not be borne by the Deutsche Singapore Equity Fund.

HSBC Insurance Singapore Balanced Fund will be invested in the Deutsche Singapore Equity Fund until 27 November 2017.

#### 2. **Change in sub-managers of the Deutsche China Equity Fund, the underlying sub-fund of HSBC Insurance China Balanced Fund**

We have been informed by the Deutsche Asset Management (Asia) Limited that the sub-managers of the Deutsche Singapore Equity Fund will be changed from Manulife Asset Management (Singapore) Pte.Ltd with Deutsche Asset Management (Hong Kong) Limited with effect from 01 December 2017.

There is no change to the investment objective, focus and approach payable by shareholders of the Deutsche China Equity Fund. The fees and expenses payable to Deutsche Asset Management (Hong Kong) Limited will be paid by Deutsche Asset Management (Asia) Limited will not be borne by the Deutsche China Equity Fund.

HSBC Insurance China Balanced Fund will be invested in the Deutsche China Equity Fund until 27 November 2017.

#### 3. **Change to Legg Mason Asian Enterprise Trust, one of the underlying funds of HSBC Insurance Asia Balanced Fund**

We have been informed by Legg Mason Global Asset Management Singapore Pte.Limited that the Legg Mason Asian Enterprise Trust (the "**underlying fund**") will no longer be included under the list of funds included under the CPF Investment Scheme (the "**CPFIS**") from 14 September 2017.

HSBC Insurance Asia Balanced Fund invests 70% into the underlying fund, but is not included under the CPFIS, hence no impact and action is required for policyholders invested in HSBC Insurance Asia Balanced Fund.

#### 4. Investment-Linked Policy Sub-Funds (“ILP Sub-Funds”) review and consolidation 2017

On 28 July 2017, we added 10 new ILP Sub-Funds including 2 low-cost equity ILP Sub-Funds with a low management fee from 0.4% p.a.

As part of our continuous effort to improve the existing suite of ILP Sub-Funds, the next phase of improvement will commence on or around 27 November 2017, where certain ILP Sub-Funds (the “Closing Funds”) will be consolidated into alternative ILP Sub-Funds (the “Receiving Funds”).

Please refer to the letter dated 29 September 2017 which provides further details of the consolidation of the 9 ILP Sub-Funds with low subscriptions to other better subscribed ILP Sub-Funds, so that you are able to invest in ILP Sub-Funds with larger Assets Under Management (“AUM”) and benefit from economies of scale.

For ILP Sub-Funds with small funds sizes, fixed charges are borne by a smaller base of unit holders and are unable to benefit from economies of scale that benefits larger ILP Sub-Funds. This could impact fund performance in the long term as returns are eroded from expenses incurred by such ILP Sub-Funds.

##### List of Closing and designed Receiving Funds

S/N	Closing Fund	Manager	Receiving Funds
1.	HSBC Insurance Asian Dividend Equity Fund	Henderson Global Investors (Singapore) Limited	HSBC Insurance Asia Focused Income Fund
2.	HSBC Insurance Asia Balanced Fund	Western Asset Management Company Pte. Ltd.	
3.	HSBC Insurance Climate Change Equity Fund	Schroder Investment Management (Singapore) Limited	HSBC Insurance Global Equity Volatility Fund
4.	HSBC Insurance Japan Equity Fund		
5.	HSBC Insurance Premium Property Equity Fund	Henderson Global Investors (Singapore) Limited	
6.	HSBC Insurance China Balanced Fund	Deutsche Asset Management (Asia) Limited	HSBC Insurance World Selection 5 Fund
7.	HSBC Insurance Emerging Europe Equity Fund	Schroder Investment Management (Singapore) Ltd	HSBC Insurance Europe Dynamic Equity Fund
8.	HSBC Insurance Europe Equity Fund		
9.	HSBC Insurance Singapore Balanced Fund	Deutsche Asset Management (Asia) Limited	HSBC Insurance Singapore Equity Fund

**5. Change in names of underlying funds/sub-funds of ILP sub-funds managed by Janus Henderson**

We have been informed by Janus Henderson of impending fund name changes due to integration plans post the merger of Janus and Henderson, subject to regulatory approval. The change is planned to be effective on 15 December 2017.

ILP Sub-Fund	Old Underlying Fund	New Underlying Fund Name
HSBC Insurance Asian Dividend Equity Fund	Henderson Horizon Fund – Asian Dividend Income Fund	Janus Henderson Horizon Fund - Asian Dividend Income Fund
HSBC Insurance Premium Property Equity Fund	Henderson Horizon Fund – Global Property Equities Fund	Janus Henderson Horizon Fund - Global Property Equities Fund
	Henderson Horizon Fund – Pan European Property Equities Fund	Janus Henderson Horizon Fund - Pan European Property Equities Fund
	Henderson Horizon Fund – Asia Pacific Property Equities Fund	Janus Henderson Horizon Fund - Asia Pacific Property Equities Fund

**6. Changes to HSBC Insurance US Equity Index Fund and HSBC Insurance Global Equity Index Fund – SGD and USD share classes**

We have been informed by HSBC Global Asset Management (Singapore) Limited (the “**Manager**”) of changes to the HSBC Global Investment Funds (the “**Underlying Sub-Funds**”), which the following 4 ILP Sub-Funds invest into.

Name of ILP Sub-Fund	Name of Underlying Sub-Fund
HSBC Insurance Global Equity Index Fund	HSBC Global Investment Funds – Economic Scale Index Global Equity
HSBC Insurance Global Equity Index Fund (USD)	
HSBC Insurance US Equity Index Fund	HSBC Global Investment Funds – Economic Scale Index US Equity
HSBC Insurance US Equity Index Fund (USD)	

Following changes took effect from 25 October 2017 (the “**Effective Date of Change**”).

<b>Before (until 24 Oct 2017)</b>	<b>After (from 25 Oct 2017)</b>
<p><b>Change in name of ILP Sub-Funds</b></p> <ul style="list-style-type: none"> <li>• HSBC Insurance Global Equity Index Fund</li> <li>• HSBC Insurance Global Equity Index Fund (USD)</li> <li>• HSBC Insurance US Equity Index Fund</li> <li>• HSBC Insurance US Equity Index Fund (USD)</li> </ul>	<p><b>Change in name of ILP Sub-Funds</b></p> <ul style="list-style-type: none"> <li>• HSBC Insurance Global Equity Portfolio Fund</li> <li>• HSBC Insurance Global Equity Portfolio Fund (USD)</li> <li>• HSBC Insurance US Equity Portfolio Fund</li> <li>• HSBC Insurance US Equity Portfolio Fund (USD)</li> </ul>
<p><b>Change in name of Underlying Sub-Funds</b></p> <ul style="list-style-type: none"> <li>• HSBC Global Investment Funds - Economic Scale Index Global Equity</li> <li>• HSBC Global Investment Funds - Economic Scale Index US Equity</li> </ul>	<p><b>Change in name of Underlying Sub-Funds</b></p> <ul style="list-style-type: none"> <li>• HSBC Global Investment Funds - Economic Scale Global Equity</li> <li>• HSBC Global Investment Funds - Economic Scale US Equity.</li> </ul>
<p><b>Investment objective of HSBC Insurance Global Equity Index Fund, HSBC Insurance Global Equity Index Fund (USD), and their Underlying Sub-Fund</b></p> <ul style="list-style-type: none"> <li>• To track the HSBC Economic Scale Index World (the "Global Index") by investing in securities in the Global Index.</li> <li>• Will use a Full Replication strategy to track the Global Index.</li> </ul>	<p><b>Investment objective of HSBC Insurance Global Equity Portfolio Fund, HSBC Insurance Global Equity Portfolio Fund (USD), and their Underlying Sub-Fund</b></p> <ul style="list-style-type: none"> <li>• Aims to provide long term total return by investing in a portfolio of developed market equities.</li> <li>• Invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in or are listed on a Regulated Market in, developed markets such as OECD countries. The Underlying Sub-Fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").</li> </ul>

<ul style="list-style-type: none"><li>• May also employ a strategy of Optimised Replication in specific circumstances, including but not limited to where the size of the sub-fund is too small or falls below a threshold and it is not cost effective to adopt a fully replicated strategy or where there are market disruption events (i.e. market access issues). The Optimised Replication strategy involves the acquisition of a subset of the component securities of the Global Index and possibly of some securities that are not included in the Global Index that are designed to help the sub-fund track the performance of the Global Index</li><li>• Does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over the counter transactions.</li><li>• Does not intend to use financial derivative instruments extensively for investment purposes. However, the Underlying Sub-Fund may also invest in financial derivative instruments for hedging purposes and cash flow management (e.g. Equitisation). Where the sub-fund may be restricted to invest in certain component securities of the Global Index, due to HSBC Group and/or local regulator restrictions, the sub-fund may use financial derivative instruments (e.g. contracts for difference) to achieve exposure to such components.</li></ul>	<ul style="list-style-type: none"><li>• A systematic investment approach and invests in companies according to their economic scale. The chosen measure of economic scale is a company's contribution to Gross National Product ("GNP") which is also referred to as "Value Added" - the difference between a company's outputs and inputs.</li><li>• Normally invests across a range of market capitalisations without any capitalisation restriction.</li><li>• Will not invest more than 10% of its net assets in REITs.</li><li>• May invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).</li><li>• May use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the Underlying Sub-Fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the Underlying Sub-Fund may invest.</li></ul>
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**7. Change in sub-managers of the Deutsche Lion Bond Fund, the Underlying Fund of HSBC Insurance Singapore Bond Fund and Delist from Central Provident Fund ("CPF") Investment Scheme**

HSBC Insurance Singapore Bond Fund (the "ILP Sub-Fund") invests entirely into Deutsche Lion Bond Fund. Deutsche Asset Management (Asia) Limited (the "Fund Manager") will appoint Deutsche Asset Management (Hong Kong) Limited as sub-manager of Deutsche Lion Bond Fund with effect from **15 February 2018**.

**There is no change to the investment objective, focus and approach of the ILP Sub-Fund.**

- The Fund Manager wants to centralize and streamline its centre of investment excellence for Asia Pacific in Hong Kong. This is a business decision taken by the Fund Manager in consideration of operational efficiencies and other factors.
- Deutsche Asset Management (Hong Kong) Limited is domiciled in Hong Kong SAR and is licensed and regulated by the Securities and Futures Commission of Hong Kong to conduct the regulated activity of asset management

As part of this change, Deutsche Lion Bond Fund will be delisted from CPF Investment Scheme with effect from 15 February 2018 as it ceases to comply with the CPF Investment Guidelines.

This means you can no longer purchase HSBC Insurance Singapore Bond Fund using your CPF monies from **15 April 2018** onwards.

**8. Changes to Deutsche Premier Select Trust, the Underlying Fund of HSBC Insurance Premium Balanced Fund**

HSBC Insurance Premium Balanced Fund (the "ILP Sub-Fund") that will make below changes effect from **3 April 2018** due to changes to the Deutsche Premier Select Trust (the "Underlying Fund") which the ILP Sub-Fund invests into.

ILP Sub-Fund	HSBC Insurance Premium Balanced Fund	
Underlying Fund	Deutsche Premier Select Trust	
	Current	Effective from 3 April 2018
<b>Investment Objective</b>	Achieve long term capital appreciation through investment in a diversified portfolio of securities which are prohibited under the CPF Investment Scheme ("CPFIS").	Achieve long term capital appreciation through investment in a diversified portfolio of securities.

<p><b>Investment focus and approach</b></p>	<p>The Underlying Fund is a balanced portfolio investing in global equity and fixed income markets. The investments of the Underlying Fund will be made directly or through investments in other collective investment schemes. There is no specific target for a particular industry or sector. However, the investment selection process takes into account the secular/cyclical prospects for the sectors that the Underlying Fund invests in.</p> <p>In addition to its direct investments, the Underlying Fund intends to invest in each of the following collective investment schemes:</p> <ol style="list-style-type: none"> <li>1) Deutsche Singapore Equity Fund;</li> <li>2) Deutsche Lion Bond Fund (up to 55% of its Value);</li> <li>3) Deutsche Asia Premier Trust (up to 50% of its Value); and</li> <li>4) DWS Global Equity Focus Fund (up to 40% of its Value).</li> <li>5) SPDR Gold ETF, an exchange-traded fund that is 100% exposed to gold commodities (up to 10% of its Value).</li> </ol>	<p>The Underlying Fund will invest into global equity and Singapore fixed income markets. The Underlying Fund may invest in collective investment schemes (including exchange traded funds) and/or directly in securities, fixed income and money market instruments, deposits and/or other investments. The Underlying Fund intends to invest:</p> <ol style="list-style-type: none"> <li>1) more than 70% of its Value in db x-trackers II Singapore Government Bonds UCITS ETF (DR) ("<b>SGB-ETF</b>") and</li> <li>2) less than 30% of its Value in db x-trackers MSCI World Index UCITS ETF (DR) ("<b>MSCI-ETF</b>").</li> </ol> <p>Although the intention is to maintain these allocations, the Fund Manager intends to adopt a static allocation in each of the funds comprising the Underlying Fund and re-adjust the investments at least on a semi-annual basis. Due to this approach and due to the impact of periodical subscriptions and redemptions of Units on the Value of the Underlying Fund, the specific percentage investment into each fund may vary from time to time and in particular, the Underlying Fund's investments into MSCI-ETF may at times, amount to or exceed 30% of the Value of the Underlying Fund.</p> <p>The Underlying Fund may hold up to 5% of its Value in cash.</p> <p>The Underlying Fund currently does not intend to use FDIs or to engage in securities lending or repurchase transactions.</p>
<p><b>ILP-Sub Fund Management Fee</b></p>	<p>1.2% per annum</p>	<p>0.7% per annum</p>
<p><b><i>New Provisions on consequential losses and Force Majeure Events</i></b></p>		<p>The Underlying Fund Trustee and the Managers shall at all times not be liable for indirect, special or consequential loss or damage (including without limitation, loss of profits) or punitive damages arising under or in connection with the Underlying Fund, whether in contract, in tort, by law or otherwise.</p>

		<p>The Underlying Fund Trustee and Fund Managers shall not be liable or responsible for any loss of or damage to any documents in their possession or for any failure to fulfil their duties under the Underlying Fund or for any loss, damage, claim, cost or expense resulting from or caused by or directly or indirectly due to a Force Majeure Event.</p> <p><b>"Force Majeure Event"</b> will be defined as any event due to any cause beyond the reasonable control of the Underlying Fund Trustee or the Fund Managers (as the case may be), including but not limited to restrictions on convertibility or transferability, requisitions, involuntary transfers, unavailability of any system, third party electronic transmission or other electronic systems disruption or failure, sabotage, storm, tempest, typhoon, earthquake, accident, fire, flood, explosion, toxicity, radioactivity, acts of God, act of any government or other competent authority, hostilities (whether war be declared or not), act of terrorism, riot, civil commotion, strikes or industrial action of any kind, insurrection, rebellion or other cause, whether similar or not, which is beyond the control of the relevant party.</p>
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**Fund Performance Summary (SGD)**

	Cumulative			Annualised	
	3-Mth (%)	6-Mth (%)	1-Year (%)	3-Year (%)	3-Year (%)
<b>HSBC Insurance Asia Equity Fund Benchmark *</b>	5.59 6.19	11.28 12.29	32.34 31.87	36.67 39.10	10.98 11.63
<b>HSBC Insurance Asia Focused Income Fund</b> The Fund has no benchmark	2.22	4.43	13.54	17.65	5.57
<b>HSBC Insurance Asian Bond Fund Benchmark *</b>	0.11 0.29	1.03 0.51	3.35 0.95	9.10 3.62	2.94 1.19
<b>HSBC Insurance China Equity Fund Benchmark *</b>	4.22 5.91	13.05 19.76	33.17 42.52	46.22 44.51	13.50 13.06
<b>HSBC Insurance Chinese Equity Fund Benchmark *</b>	5.69 5.14	19.47 18.04	38.73 38.13	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance Emerging Markets Equity Fund Benchmark *</b>	6.05 5.73	13.55 12.51	29.02 26.99	33.13 30.98	10.01 9.41
<b>HSBC Insurance Ethical Global Equity Fund Benchmark *</b>	3.48 3.22	7.00 7.84	9.65 13.14	20.87 27.10	6.52 8.32
<b>HSBC Insurance Ethical Global Sukuk Fund Benchmark *</b>	(0.79) (1.39)	(1.28) (1.65)	(0.62) (3.36)	7.08 11.31	2.31 3.64
<b>HSBC Insurance Europe Dynamic Equity Fund Benchmark *</b>	(0.33) 1.64	1.25 5.50	9.57 14.59	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance Global Bond Fund Benchmark *</b>	(0.00) 0.63	(0.09) 1.09	2.00 1.94	3.59 7.93	1.18 2.58
<b>HSBC Insurance Global Emerging Markets Bond Fund</b> The Fund has no benchmark	0.19	2.04	7.46	14.49	4.61
<b>HSBC Insurance Global Emerging Markets Equity Fund Benchmark *</b>	5.68 5.73	13.07 12.51	31.42 26.99	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance Global Equity Fund Benchmark *</b>	3.97 3.83	7.62 7.36	17.78 13.22	29.80 31.56	9.08 9.57
<b>HSBC Insurance Global Equity Portfolio Fund Benchmark *</b>	4.03 3.90	7.20 7.78	12.12 13.15	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance Global Equity Volatility Focused Fund</b> The Fund has no benchmark	4.56	6.13	14.24	N.A.	N.A.
<b>HSBC Insurance Global High Income Bond Fund</b> The Fund has no benchmark	0.51	1.86	5.50	N.A.	N.A.
<b>HSBC Insurance Global Multi-Asset Fund</b> The Fund has no benchmark	1.81	2.18	5.13	N.A.	N.A.
<b>HSBC Insurance India Equity Fund Benchmark *</b>	11.04 10.95	10.55 13.44	32.27 34.43	24.88 44.25	7.69 12.99
<b>HSBC Insurance Pacific Equity Fund Benchmark *</b>	5.10 6.27	6.54 11.13	23.01 27.03	19.25 34.75	6.05 10.45

	3-Mth (%)	Cumulative		Annualised	
		6-Mth (%)	1-Year (%)	3-Year (%)	3-Year (%)
<b>HSBC Insurance Premium Balanced Fund Benchmark *</b>	3.36 3.78	4.79 5.53	11.31 11.86	13.16 15.63	4.21 4.96
<b>HSBC Insurance Singapore Bond Fund Benchmark *</b>	0.31 0.29	0.61 0.57	2.07 1.14	5.59 2.95	1.83 0.97
<b>HSBC Insurance Singapore Equity Fund Benchmark *</b>	7.28 8.34	8.63 10.18	23.34 25.40	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance US Equity Portfolio Fund Benchmark *</b>	5.03 4.39	7.61 6.92	7.28 7.52	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance US Opportunities Equity Fund Benchmark *</b>	4.82 6.05	9.66 10.73	25.57 19.71	N.A. N.A.	N.A. N.A.
<b>HSBC Insurance World Selection 1 Fund</b> The Fund has no benchmark	(0.04)	(0.11)	(1.83)	8.88	2.88
<b>HSBC Insurance World Selection 3 Fund</b> The Fund has no benchmark	1.77	3.30	4.87	17.55	5.54
<b>HSBC Insurance World Selection 5 Fund</b> The Fund has no benchmark	3.34	5.99	10.40	21.52	6.71

\* Refer to the respective funds for the benchmark used.

**Fund Performance Summary (USD)**

	Cumulative			Annualised	
	3-Mth (%)	6-Mth (%)	1-Year (%)	3-Year (%)	3-Year (%)
<b>HSBC Insurance Europe Dynamic Equity Fund (USD)</b>	0.93	2.77	10.71	N.A.	N.A.
<b>Benchmark *</b>	1.70	5.69	14.96	N.A.	N.A.
<b>HSBC Insurance Global Emerging Markets Bond Fund (USD)</b>	0.28	2.26	7.21	N.A.	N.A.
<b>Benchmark *</b>	0.54	2.94	9.32	N.A.	N.A.
<b>HSBC Insurance Global Emerging Markets Equity Fund (USD)</b>	7.39	16.00	37.53	N.A.	N.A.
<b>Benchmark *</b>	7.44	15.92	37.28	N.A.	N.A.
<b>HSBC Insurance Global Equity Portfolio Fund (USD)</b>	5.66	10.29	20.84	N.A.	N.A.
<b>Benchmark *</b>	5.57	11.04	22.32	N.A.	N.A.
<b>HSBC Insurance Global Equity Volatility Focused Fund (USD)</b>	5.98	7.78	N.A.	N.A.	N.A.
<b>Benchmark *</b>	5.73	11.21	N.A.	N.A.	N.A.
<b>HSBC Insurance Global High Income Bond Fund (USD)</b>	0.42	1.93	5.66	N.A.	N.A.
<b>Benchmark *</b>	0.95	2.96	7.51	N.A.	N.A.
<b>HSBC Insurance India Equity Fund (USD)</b>	12.54	13.84	38.21	N.A.	N.A.
<b>Benchmark *</b>	12.74	16.87	45.32	N.A.	N.A.
<b>HSBC Insurance Pacific Equity Fund (USD)</b>	6.67	9.66	31.86	N.A.	N.A.
<b>Benchmark *</b>	7.98	14.50	37.32	N.A.	N.A.
<b>HSBC Insurance US Equity Portfolio Fund (USD)</b>	6.52	10.51	14.95	N.A.	N.A.
<b>Benchmark *</b>	6.07	10.15	16.24	N.A.	N.A.
<b>HSBC Insurance World Selection 1 Fund (USD)</b>	1.48	2.84	N.A.	N.A.	N.A.
The Fund has no benchmark					
<b>HSBC Insurance World Selection 3 Fund (USD)</b>	2.69	5.64	11.83	N.A.	N.A.
The Fund has no benchmark					
<b>HSBC Insurance World Selection 5 Fund (USD)</b>	4.99	9.26	18.24	N.A.	N.A.
The Fund has no benchmark					

\* Refer to the respective funds for the benchmark used.

## Notes to the Fund Disclosures

### 1. Performance figures

Performance figures are calculated using bid-to-bid prices, with any income or dividends reinvested and in Singapore dollars.

### 2. Expense ratio

Expense ratio are calculated in accordance with IMAS guidelines for the disclosure on expense ratio. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

### 3. Turnover ratio

Turnover ratio represent the number of times per year that a dollar of assets is invested and is calculated based on the lower of purchases or sales for the 12 months preceding the reporting date expressed as a percentage of the daily average Net Asset Value.

### 4. Abbreviations Used

CPFIS : Central Provident Fund Investment Scheme  
GDP : Gross Domestic Product  
Ltd : Limited  
MV : Market Value  
N.A. : Not Applicable  
NAV : Net Asset Value  
OA : Ordinary Account  
SA : Special Account  
SRS : Supplementary Retirement Scheme

## HSBC Insurance Asia Equity Fund

### Fund Objective

HSBC Insurance Asia Equity Fund seeks to achieve capital appreciation in the medium to long-term by investing in a diversified portfolio of Asia (ex-Japan) equity and equity-related securities (including warrants and convertible securities. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the Deutsche Asia Premier Trust.

### Investment and Market Review ^

Asia rose in the third quarter of 2017 (3Q17) and fourth quarter of 2017 (4Q17), with all local indices posting positive return. Hong Kong (HK) and China rose by double-digit percentage in local currency, supported by real estate and information technology (IT) stocks. Korea and Taiwan pared some of the gains in the last month of period on profit taking of hardware technology stocks. Singapore was supported by turnaround in financials and domestic real estate market. Indonesia witnessed strong financials stock performance but weak real estate. Malaysia rose more mutedly as energy stocks were weak. Thailand rallied on expectation of a turnaround in economy after the inauguration ceremony of the new King. Thai industrials and real estate stocks were strong.

Most Asian currencies appreciated against US dollar (USD) despite the rise in interest rate in the United States (US). Indonesia and India has lowered interest rate in the period.

### Market Outlook and Investment Strategy ^

The Fund's cautious positioning in duration remained unchanged on expectation of further normalization of interest rates. We expect interest rates to remain volatile as investors become more aware of the Federal Reserve's (FED) willingness in removing excess liquidity. We would continue to opportunistically add high quality credits to the portfolio for yield enhancement.

^ Source: Deutsche Asset Management (Asia) Limited

## FUND FACTS

Underlying Fund	Deutsche Asia Premier Trust
Fund Manager	Deutsche Asset Management (Asia) Limited
Launch Date	31 Jan 1994
CPFIS/SRS*	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 3.19524
Bid Price	S\$ 3.03548
Fund Size	S\$ 117.23 mil
Units in Issue	38.62 mil

\*Note: With effect from 28 Jun 2010, the Fund has been delisted from CPFIS.

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Asia Equity Fund	5.59	11.28	32.34	36.67	44.23	17.98	219.52
Benchmark*	6.19	12.29	31.87	39.10	62.49	45.25	154.87

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Asia Equity Fund	10.98	7.60	1.67	5.00
Benchmark*	11.63	10.20	3.80	4.01

\*MSCI AC Far East ex Japan (TR)

<sup>^</sup>Inception Date: 16 Mar 1994



## B) Fund Disclosure

### I Allocation by Asset Class

	As at 31 Dec 2017	
Asset Class	% of NAV	MV S\$ mil
Deutsche Asia Premier Trust	100.00	117.23
<b>Total</b>	<b>100.00</b>	<b>117.23</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	5,925,561
Redemption	10,482,554

## C) Underlying Fund Disclosure (Deutsche Asia Premier Trust)

### I Allocation by Country

	As at 31 Dec 2017	
Country	% of NAV	MV S\$ mil
Cayman Islands	25.52	34.23
South Korea	19.37	25.98
China	13.76	18.46
Taiwan	13.56	18.19
Hong Kong	9.38	12.58
Singapore	4.56	6.12
Thailand	2.77	3.72
Indonesia	2.56	3.44
Philippines	2.17	2.91
Others*	6.35	8.50
<b>Total</b>	<b>100.00</b>	<b>134.13</b>

\*Includes other countries and net assets

### II Allocation by Industry

	As at 31 Dec 2017	
Industry	% of NAV	MV S\$ mil
Electrical/Electronics	12.61	16.91
Banks	12.25	16.43
Semiconductors	8.72	11.69
Internet Services	8.39	11.26
Insurance	7.69	10.31
E-Commerce	7.20	9.66
Real Estate	5.93	7.96
Finance	4.94	6.62
Oil & Gas	3.63	4.87
Hotels	2.80	3.75
Medical - Drugs	2.71	3.63
Others*	23.13	31.04
<b>Total</b>	<b>100.00</b>	<b>134.13</b>

\*Includes other industries and net assets

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

### IV Top Ten Holdings of Underlying Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Samsung Electronics Company Limited	9.02	12.10
Tencent Holdings Limited	8.39	11.26
Alibaba Group Holding Limited	7.10	9.52
Taiwan Semiconductor Manufacturing Corporation Limited	6.67	8.95
Ping An Insurance (Group) Company of China Limited H Shares	5.64	7.57
China Construction Bank H Shares	4.73	6.34
Wynn Macau Limited	2.80	3.75
Hana Financial Group Inc	2.69	3.61
United Overseas Bank Limited	2.56	3.44
Fubon Financial Holding Company Limited	2.24	3.01

### Top Ten Holdings of Underlying Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Samsung Electronics Co Limited	7.81	8.61
Taiwan Semiconductor Manufacturing Corporation Limited	6.72	7.40
Tencent Holdings Limited	6.05	6.66
China Construction Bank H Shares	4.87	5.37
China Mobile Limited	3.41	3.76
AIA Group Limited	3.30	3.64
Ping An Insurance (Group) Company of China Limited H Shares	3.07	3.38
HSBC Holdings PLC	2.88	3.17
CNOOC Limited	2.84	3.13
SK Hynix Inc	2.49	2.74

### V Exposure to Derivatives

	As at 31 Dec 2017
% of NAV	-
Market Value (S\$)	-
Realised gains / (Losses) (S\$)	(39,867)
Unrealised Gains / (Losses) (S\$)	-

### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
N.A.	

### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance Asia Equity Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.77%	1.81%	1.49%	1.52%
Turnover Ratio	4.33%	9.49%	44.72%	173.28%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Deutsche Asia Premier Trust for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Deutsche Asia Premier Trust for the financial year ended 31 Dec 2016 is not available.

### II Related-Party Transactions

N.A.

### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

### IV Soft Dollar Commission Arrangement

Soft dollar commissions are benefits accorded to manager by their brokers, usually in the form of research, advisory, analysis and data services, computer hardware or software used for and/or in support of the investment process.

The manager's policy on soft dollar commissions is as follows:

- the goods and services received would assist in the provision of investment services and advices or related services to the unit trust;
- transactions are executed on the best available terms; and
- the Manager does not engage in unnecessary trades in order to qualify for soft dollar commissions.

Soft dollar commissions were received from the manager's panel of soft dollar brokers which executed transactions for the unit trust and other funds managed by the managers.

### E) Financial Statements

Refer to page 155.

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## HSBC Insurance Asia Focused Income Fund

### Fund Objective

HSBC Insurance Asia Focused Income Fund seeks to provide income and moderate capital growth through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the HSBC Global Investment Funds - Managed Solutions – Asia Focused Income Fund.

### Investment and Market Review <sup>^</sup>

Moving onto the second half of 2017 (2H17), there has been some subtle shifts in the attitude of policy makers around the world, against a benign economic background. Growth was positive across most of the world and appeared to be moving onto a more self-sustaining footing with both consumer and investment spending well supported. Inflation pressures have been limited despite low unemployment rates in many countries. And in the 4Q17, central banks became more active as they gradually react to the fact that the global economy is growing steadily. In the US, the Fed has begun to reduce the size of its asset holdings by not reinvesting all of the bonds that mature each month, and they also increased interest rates in December for the third time this year, taking the Fed Funds rate to a range of 1.25%-1.5%. The European Central Bank (ECB) announced that it would reduce asset purchases to EUR30bn per month starting in 2018, while Japan kept its monetary policy unchanged. Monetary policy tightening is likely to be extremely gradual with inflation and wages growth still subdued. The modest monetary tightening seen during the quarter did not upset stock and bond markets, based as it was on a positive growth and inflation story.

### Market Outlook and Investment Strategy <sup>^</sup>

It is difficult to see how the news in the coming months can be as good as the recent past, where we have had positive surprises on all fronts; growth, inflation, earnings, interest rates, and bond yields. On the growth front prospects are still positive with growth appearing to be on a solid, self-sustaining footing. This should continue to support corporate earnings and balance sheets. There may be more of a negative surprise on inflation. Recent rises in oil prices will push up headline inflation and, with labour markets tight in many countries, wages may start to respond. We can therefore expect a cyclical upturn in inflation in the months ahead. However the increase in inflation is unlikely to change the path of interest rates much in most countries. US rates are already expected to rise and it is unlikely that the ECB or Bank Of Japan (BOJ) will be forced into any rate increases in the coming months with inflation still well below target in Europe and Japan. In Asia the picture varies by country but there is little sign that there will be significant interest rate rises. We have added Indian bonds to the portfolio to benefit from the attractive yield available in that market. Corporate bonds offer reasonable value in Asia and we maintain exposure across the rating spectrum, however the best risk premiums appear to come from stock markets around the world.

<sup>^</sup> Source : HSBC Global Asset Management (HK) Limited

## FUND FACTS

Underlying Sub-Fund	HSBC Global Investment Funds – Managed Solutions - Asia Focused Income Fund
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	28 Jan 2013
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.

As at 31 Dec 2017

Offer Price	S\$ 1.18429
Bid Price	S\$ 1.12508
Fund Size	S\$ 10.32 mil
Units in Issue	9.17 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Asia Focused Income Fund	2.22	4.43	13.54	17.65	N.A.	N.A.	18.43

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Asia Focused Income Fund*	5.57	N.A.	N.A.	3.51

\*This fund has no benchmark.

<sup>^</sup>Inception Date: 06 Feb 2013

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Managed Solutions - Asia Focused Income Fund	99.90	10.31
Other assets	0.19	0.02
Other liabilities	(0.09)	(0.01)
<b>Total</b>	<b>100.00</b>	<b>10.32</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	9,093,877
Redemption	429,711

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Managed Solutions - Asia Focused Income Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
China	30.03	277.71
Hong Kong	12.88	119.08
United States	9.55	88.30
India	9.00	83.21
Korea, Republic of, (South Korea)	7.50	69.40
Taiwan	5.22	48.27
Singapore	3.70	34.23
Indonesia	2.99	27.69
Others*	16.27	150.40
Cash	2.86	26.43
<b>Total</b>	<b>100.00</b>	<b>924.72</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Asian Investment Grade Bond	31.89	294.99
Asia ex Japan Equity	30.10	278.30
Asian High Yield Bond	10.07	93.12
Global Emerging Market Debt Local Currency	9.97	92.16
Global High Yield Bond	9.89	91.48
Japanese Equity	2.12	19.60
Indian Fixed Income	2.08	19.22
European Equity	1.02	9.42
Cash	2.86	26.43
<b>Total</b>	<b>100.00</b>	<b>924.72</b>

III Allocation of Debt Securities by Credit Ratings Rating	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
(For Debt securities portfolio only)		
AA+	3.13	28.92
AA	0.22	2.03
AA-	0.55	5.12
A+	6.41	59.32
A	4.68	43.24
A-	7.32	67.72
BBB+	6.21	57.46
BBB	5.40	49.96
BBB-	8.50	78.63
BB+	2.97	27.49
BB	4.02	37.13
BB-	4.04	37.33
B+	3.65	33.73
Unrated	2.17	20.10
Others*	4.64	42.79
<b>Total</b>	<b>63.91</b>	<b>590.97</b>

\*Includes lower rated debt securities

IV Top Ten Holdings of Underlying Sub-Fund	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC GIF Global Emerging Markets Local Debt	9.97	92.16
HSBC GIF Global Short Duration High Yield Bond	9.89	91.48
Tencent Holdings Ltd	2.79	25.76
Samsung Electronics Co Ltd	2.69	24.85
HSBC GIF Economic Scale Japan Equity	2.12	19.64
HSBC GIF India Fixed Income	2.08	19.22
Taiwan Semiconductor Co Ltd	2.00	18.51
China Construction Bank	1.31	12.09
Industrial & Commercial Bank Of China	1.25	11.59
KB Financial Group Inc	1.08	9.97

Top Ten Holdings of Underlying Sub-Fund	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
HSBC GIF Global Short Duration High Yield Bond	10.16	33.77
HSBC GIF Global Emerging Markets Local Debt	9.71	32.30
Taiwan Semiconductor Co Ltd	2.33	7.74
Samsung Electronics Co Ltd	2.16	7.18
China Construction Bank	1.31	4.35
Hutch Whampoa Int 11 Ltd 4.625% 13/01/22	1.19	3.96
BOC Hong Kong Holdings Ltd	1.12	3.74
HSBC Holdings Plc	1.11	3.69
HSBC GIF Economic Scale Index Japan Equity	1.09	3.63
RH Intl Singapore Corp 3.5% 02/05/19	1.06	3.51

V Exposure to Derivatives	As at 31 Dec 2017
N.A.	

VI Borrowings of Net Asset Value	As at 31 Dec 2017
Use of borrowing in % of Fund Total Net Asset	(0.04%)

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Asia Focused Income Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
			As at 31-Dec-17	As at 31-Dec-16
Expense Ratio	1.72%	1.71%	1.71%	1.69%
Turnover Ratio	16.93%	12.58%	46.50%	0.98%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Managed Solutions - Asia Focused Income Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds - Managed Solutions - Asia Focused Income Fund for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

The HSBC Insurance Asia Focused Income Fund invests S\$10.31 million, equivalent to 99.90% of its net asset value in HSBC Global Investment Funds – Managed Solutions - Asia Focused Income Fund, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$9,624.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

**E) Financial Statements**

Refer to page 155

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## HSBC Insurance Asian Bond Fund

### Fund Objective

HSBC Insurance Asian Bond Fund seeks to maximize returns over the long-term by investing mainly in the bond markets of Asia's developing economies. There is no target industry or sector. Fund investments are by way of a feeder fund, which invests substantially all or all its assets in the Legg Mason Western Asset Asian Bond Trust.

### Investment and Market Review <sup>^</sup>

The J.P. Morgan Asia Credit Index (J.A.C.I.) saw MoM gains in December with a return of 0.17%, bringing year-to-date (YTD) gains to 5.78%. Gains

were seen across the US Treasury (UST) curve and spreads tightened for the month. The top-performing sector was investment-grade sovereigns, which saw gains of 0.17%; the weakest sector was investment-grade quasi-sovereigns, which saw gains of 0.07%. UST yields bull-flattened, driven by the long end of the curve.

Asia looks set for a strong cyclical uplift in 2018, with major economies delivering stronger growth supported by positive regional trade outlook, domestic political stability and endogenous growth. The global electronics Purchasing Managers' Index (PMI) is at its highest level in seven years, with positive consumer electronics cycle benefiting trade-sensitive North Asia economies. Emerging Market (EM) assets will also continue to benefit from stable global growth while positive cyclical and stronger fundamentals would see Asia as a beneficiary of a search for quality yield.

Asia will contribute more than 60% of total global growth of a projected 3.5% in 2018 and looks set to continue to do so in the near term. The US in comparison has seen its contribution to global real gross domestic product (GDP) decrease from 25% some 20 years ago to less than 10%. A positive working age population and productivity growth remain the structural underpinning. Private investment and a government spending pickup will anchor domestic growth, though along with this, spare capacity will further narrow and Asian central banks will see less room for continued monetary accommodation. However, even cost-push inflationary pressures from rising commodity prices will remain offset by weak demand-pull inflation forces, driven by significant manufacturing slack as well as labour market dynamics.

### Market Outlook and Investment Strategy <sup>^</sup>

Greater exchange rate flexibility than was available during past recoveries will allow some EM central banks to tailor monetary policy to their specific needs, instead of moving their policy rates in lockstep with those of advanced economies. China will be a key anchor in the camp of maintaining its monetary policy stance with policy focused on regulatory and administrative measures to address financial and market risks, rather than higher policy rates. Overall "external beta" of EM FX—the mean impact of all the key external drivers—has declined sharply and is well below the long-term average. The World Bank estimates that unlike in 2000 when 50% of outstanding EM debt was denominated in local currencies, the number now stands at 90%, reducing the dependence on USD financing, which was the original sin of Latin America and Asia two decades ago. Asia FX remains fundamentally supported by current account dynamics, as well as by portfolio inflows (specifically by equity inflows over the past year). Asian equity markets have also been driven by earnings growth and there remains room for catchup flows in the equity space. This will structurally impact behavior of FX currency pairs, resulting in underlying currency fundamentals, portfolio and investment flows to have more significant bearing on currency valuations. Hence, we will take these factors into consideration when managing FX exposure and risks within the portfolio.

<sup>^</sup> Source: Legg Mason Asset Management Singapore Pte. Limited

## FUND FACTS

Underlying Fund	Legg Mason Western Asset Asian Bond Trust
Fund Manager	Legg Mason Asset Management Singapore Pte. Limited
Launch Date	06 Oct 2008
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.97194
Bid Price	S\$ 1.87334
Fund Size	S\$ 30.16 mil
Units in Issue	16.10 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Asian Bond Fund	0.11	1.03	3.35	9.10	12.39	N.A.	97.19
Benchmark*	0.29	0.51	0.95	3.62	4.23	N.A.	64.36

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Asian Bond Fund	2.94	2.36	N.A.	7.68
Benchmark*	1.19	0.83	N.A.	5.56

\*US\$ 3-month LIBOR (hedged to S\$)

<sup>^</sup>Inception Date: 28 Oct 2008

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Legg Mason Western Asset Asian Bond Trust	100.00	30.16
<b>Total</b>	<b>100.00</b>	<b>30.16</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	2,282,917
Redemption	4,097,415

## C) Underlying Fund Disclosure (Legg Mason Western Asset Asian Bond Trust)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Singapore	24.85	10.42
China	17.57	7.37
Indonesia	14.07	5.90
Hong Kong	9.61	4.03
South Korea	8.25	3.46
India	6.75	2.83
Philippines	4.27	1.79
Malaysia	3.10	1.30
Others*	9.38	3.94
Cash	2.15	0.90
<b>Total</b>	<b>100.00</b>	<b>41.94</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Financials	31.25	13.11
Real Estate	20.31	8.52
Miscellaneous	15.90	6.67
Government	12.64	5.30
Energy	6.80	2.85
Transportation	6.63	2.78
Telecommunication	2.67	1.12
Hotel	1.65	0.69
Cash	2.15	0.90
<b>Total</b>	<b>100.00</b>	<b>41.94</b>



III Allocation of Debt Securities by Credit Ratings Rating	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
(For Debt securities portfolio only)		
AA-	5.37	2.25
A1	4.20	1.76
A	0.98	0.41
A2	0.62	0.26
A-	0.62	0.26
A3	1.48	0.62
Baa1	7.18	3.01
BBB	4.29	1.80
Baa2	8.13	3.41
BBB-	3.79	1.59
Baa3	17.00	7.13
Ba1	1.26	0.53
Unrated	35.13	14.73
Others*	7.80	3.28
Cash	2.15	0.90
<b>Total</b>	<b>100.00</b>	<b>41.94</b>

\*Includes lower rated debt securities

IV Top Ten Holdings of Underlying Fund	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Indonesia Government Ser FR69 (Reg) 7.875% 15/04/2019	8.87	3.72
Petron Corp (Reg) (Reg S) Var Perp 29/12/2049	4.27	1.79
Indonesia Eximbank Ser OB 7.6% 15/08/2020	3.12	1.31
First Real Estate Invest (Reg) (Reg S) (Ser Mtn) Var Perp	3.05	1.28
Korea Development Bank Ser 625 (Reg) (Reg S) 4.2% 15/12/2018	2.93	1.23
Ascendas Real estate Investment (Reg S) Var Perp	2.53	1.06
NTPC Ltd Ser EMTN (Reg S) (Reg) 4.375% 26/11/2024	2.53	1.06
SembCorp Industries Ltd Mtn Var Perp	2.43	1.02
Export-Import Bank Korea EMTN (Reg S) (Reg) 3.6% 10/06/2018	2.43	1.02
QUE CT Treasury Pte Ltd (Reg S) (Br) 3.03% 05/09/2020	2.38	1.00

Top Ten Holdings of Underlying Fund	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Indonesia Government Ser FR69 (Reg) 7.875% 15/04/2019	10.03	4.29
Sembcorp Industries Ltd MTN Var Perp	4.65	1.99
Overseas Chinese Banking Corp Ltd (Reg S) 3.15% 11/03/2023	3.74	1.60
Ascendas Real Estate Investment (Reg S) Var Perp	3.01	1.29
Overseas Chinese Banking 4% Perpetual	2.94	1.26
First Real Estate Invest (Reg) (Reg S) (Ser MTN) Var Perp	2.90	1.24
NTPC Ltd Ser EMTN (Reg S) 4.375% 26/11/2024	2.59	1.11
Export-Import Bank Korea Ser EMTN (Reg S) 3.60% 10/06/2018	2.38	1.02
DBS Bank Ltd Ser MTN (Reg S) (Br) Var 14/02/2023	2.36	1.01
Hyflux Ltd (Reg S) Var Perpetual	2.34	1.00

V Exposure to Derivatives	As at 31 Dec 2017
N.A.	

VI Borrowings of Net Asset Value	As at 31 Dec 2017
N.A.	

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Asian Bond Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.28%	1.32%	1.25%	1.28%
Turnover Ratio	4.97%	8.04%	64.34%	45.68%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Legg Mason Western Asset Asian Bond Trust for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Legg Mason Western Asset Asian Bond Trust for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 155.

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## HSBC Insurance China Equity Fund

### Fund Objective

HSBC Insurance China Equity Fund seeks to provide capital growth primarily through investment in equity and equity related securities of companies which are headquartered in and/or listed in or have a substantial business exposure to the People's Republic of China ("China"). Fund investments are made by way of a feeder fund through the Underlying Sub-Fund, Schroder China Opportunities Fund.

### Investment and Market Review ^

China and Hong Kong equities recorded positive returns in the 4Q17. Chinese equities advanced as the Q3 real GDP growth came broadly in line with expectations, rising 6.8% year-on-year (YOY). The announcement of a targeted reserve ratio requirement cute for some banks that would go into effect in 2018 also supported sentiment for Chinese banking stocks. Consumer staples and healthcare were the best performing sectors. Property rebounded amid the stabilising home prices and housing activities. In Hong Kong, stocks delivered positive returns with Macau gaming stocks in particular performing well. Hong Kong banks also advanced on the back of rising interbank rates.

### Market Outlook and Investment Strategy ^

After the strength of China's GDP in the first nine months of 2017 – which averaged 6.9% YoY – cyclical momentum is losing steam. This is due to growth having to match a higher starting base and the implementation of restrictions on property purchases, which can negatively impact demand for housing. Further cyclical acceleration from here would be challenging. There is also downside risk to the economy emanating from the property market. Although the CPI has been moderate despite a sharp pick-up in the PPI, we are mindful that rising raw material prices may exert margin pressure on select mid-stream consumer and industrial companies while also triggering inflationary pressure in 2018. On a positive note, consumption of goods and services will provide a buffer to growth, which has remained strong on the back of overall positive structural trends.

On the other hand, there is still room to cut the reserve ratio requirement for banks, which currently stands at 17% for the big four banks and 15% for smaller banks, in order to partially offset policy tightening and mitigate negative impacts on the real economy. In addition, the interest rate cycles in the US and Europe should have bottomed. The Fed will likely start shrinking its balance sheet and there will also likely be further rate hikes, which could put pressure on the RMB. Looking ahead, EPS growth is likely to moderate in 2018 and we find it hard to envisage the recovery becoming more broad-based, given the cyclical momentum in the economy is likely to slow. In addition, margin pressure will be more obvious for mid-stream consumer and industrial companies, especially for those without pricing power. We still see better earnings momentum in 2018 in some financial sectors including insurers in China and major banks in Hong Kong given the bottoming out of the interest cycle. We are also positive on selected travel-related, healthcare, consumer goods and services companies as they may continue to see further earnings growth on the back of strong demand amid continuous consumption upgrades.

For Hong Kong's economy, trade growth has been led by the global recovery but the effect will be more muted this year. On the positive side, mainland tourist arrivals have shown signs of stabilisation. Meanwhile, domestic consumption is expected to remain resilient given the low unemployment rate and healthy income growth, especially in the mass segment. From a valuation perspective, domestic companies in the bank and commercial property sectors, as well as diversified regional and global conglomerates, look attractive on a longer-term view.

^ Source: Schroder Investment Management (Singapore) Ltd

## FUND FACTS

Underlying Sub-Fund	Schroder International Opportunities Portfolio - Schroder China Opportunities Fund
Fund Manager	Schroder Investment Management (Singapore) Ltd
Launch Date	13 Nov 2003
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.

As at 31 Dec 2017

Offer Price	S\$ 2.94556
Bid Price	S\$ 2.79828
Fund Size	S\$ 110.60 mil
Units in Issue	39.53 mil

\*Note: With effect from 31 Aug 2016, the Fund has been delisted from CPFIS

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance China Equity Fund	4.22	13.05	33.17	46.22	82.92	5.63	194.56
Benchmark*	5.91	19.76	42.52	44.51	75.42	N.A.	N.A.**

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance China Equity Fund	13.50	12.84	0.55	7.98
Benchmark*	13.06	11.90	N.A.	N.A.**

\* Benchmark Details:

Inception to February 2009 – MSCI China Index

From February 2009 to March 2011 – MSCI China 10/40 Capped Net Index

From March 2011 to April 2013 – MSCI TR China Gross

From April 2013 onwards – MSCI TR China Net

\*\* MSCI TR China Net was benchmark since April 2013; previous benchmark was MSCI China Index performance of composite Index is unavailable from 08 December 2003.

<sup>^</sup>Inception Date: 08 Dec 2003

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Schroder International Opportunities Portfolio - Schroder China Opportunities Fund	100.10	110.71
Other assets	0.59	0.65
Other liabilities	(0.69)	(0.76)
<b>Total</b>	<b>100.00</b>	<b>110.60</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	5,181,540
Redemption	13,104,562

### C) Underlying Sub-Fund Disclosure (Schroder International Opportunities Portfolio - Schroder China Opportunities Fund)

#### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Luxembourg	99.33	130.18
Other net assets/(liabilities)	0.67	0.88
<b>Total</b>	<b>100.00</b>	<b>131.06</b>

\*HSBC Insurance China Equity Fund feeds wholly into Schroder China Opportunities Fund (a feeder fund investing into a corresponding sub-fund in the Schroder International Selection Fund (ISF), an open-ended investment company corporate in Luxembourg).

#### II Allocation by Industry

N.A. (The fund invests wholly into an underlying collective investment scheme.)

As at 31 Dec 2017

#### III Allocation of Debt Securities by Credit Ratings

N.A.

As at 31 Dec 2017

IV Top Ten Holdings of Underlying Sub-Fund*	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Schroder International Selection Fund – China Opportunities C Accumulation Share Class	99.33	130.18

Top Ten Holdings of Underlying Sub-Fund*	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Schroder International Selection Fund - China Opportunities C Accumulation Share Class	99.19	106.19

\*The rest of the holdings of the underlying sub-fund are cash-in-transits and accruals.

V Exposure to Derivatives	As at 31 Dec 2017
% of NAV	-
Market value (S\$)	-
Realised Gains / (Losses) (S\$)	(20,499)
Unrealised Gains / (Losses) (S\$)	-

VI Borrowings of Net Asset Value	As at 31 Dec 2017
N.A.	

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance China Equity Fund		Underlying Sub-fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.78%	1.72%	1.70%	1.72%
Turnover Ratio	3.12%	10.22%	As at 31-Dec-17	As at 31-Dec-16
			1.09%	4.82%

\*Based on unaudited figures as at 30 Sep 2017 as the expense ratio of Schroder International Opportunities Portfolio - Schroder China Opportunities Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Schroder International Opportunities Portfolio - Schroder China Opportunities Fund for the financial year ended 31 Dec 2016 is not available.

#### II Related-Party Transactions

N.A.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### IV Soft Dollar Commission Arrangement

The Fund invests substantially into the Schroder International Selection Fund China Opportunities. In the management of the underlying fund, the manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the underlying fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

In the management of the Fund, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

#### E) Financial Statements

Refer to page 156.

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or visit our web site at [www.insurance.hsbc.com.sg](http://www.insurance.hsbc.com.sg).**

## HSBC Insurance Chinese Equity Fund

### Fund Objective

HSBC Insurance Chinese Equity Fund seeks long-term capital growth mainly through a diversified portfolio of investments in equity and equity equivalent securities of companies listed on a major stock exchange or other regulated market of the People's Republic of China ("China"), including Hong Kong SAR, as well as companies which carry out a preponderant part of their business activities in China. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the HSBC Global Investment Funds – Chinese Equity.

### FUND FACTS

Underlying Sub-Fund	HSBC Global Investment Funds – Chinese Equity Fund.	
Fund Manager	HSBC Global Asset Management (Singapore) Limited	
Launch Date	18 Jan 2016	
CPFIS/SRS	SRS	
CPFIS Risk Classification	N.A.	
As at 31 Dec 2017		
Offer Price	S\$	1.66192
Bid Price	S\$	1.57882
Fund Size	S\$	4.05 mil
Units in Issue		2.57 mil

### Investment and Market Review ^

The GIF Chinese Equity Fund rose by 19.51% in SGD terms over the 2H17, while its benchmark, the MSCI China 10/40 Net Index, rose by 18.04% over the same period. MSCI China was the best performing country index in 2017. The stellar performance was driven by continued improvement in Chinese economy. Economic data were holding up well, with GDP coming in at 6.8% for Q3. Investment, production and consumption data readings continue to be solid in the 2H17, indicating economic momentum remained strong. Strong economic momentum has translated into better corporate earnings. Consensus has revised up earnings estimates for Chinese equities in 2017, the first upward revision in 5 years.

Technical support for offshore Chinese equities continued in 2H17 with net positive flows from international investors and robust southbound buying through the stock connect programs. China's foreign reserves have been rising steadily throughout 2017, reaching US\$3.14trillion in December. The moderated fears on CNY depreciation and less capital outflow was backed by solid domestic growth, contained financial risks and improving market sentiment as a results of anticipated progress on reforms.

The fund outperformed the market in 2017 primarily due to successfully stock selection in consumer discretionary, healthcare and financials sectors. Major detractor was unfavourable stock selection in the real estate sector during the 2H17. Cash exposure also hurt performance amid market rally.

### Market Outlook and Investment Strategy ^

We think both the macro and liquidity backdrop remain favorable for Chinese equities. On the macro side, deepening of supply-side and State Owned Enterprise (SOE) reforms is expected to further improve operating efficiency in old economy industries. Financial deleveraging and policy tightening are unlikely to derail growth. For new economy sectors, they shall continue to benefit from the long-term economic rebalancing in China. On the liquidity front, we expect offshore Chinese equities market to continue to attract inflow from overseas funds as well as southbound money given its attractive valuation as well as growth profile. Latest market developments such as potential introduction of weighted voting right later this year and full circulation of H shares are both supportive to the HK stock market. Going forward, we believe steady economic growth, stabilisation of Reminbi (RMB) and capital market reform will help drive a re-rating of Chinese equity market.

We remain overweight consumption-related sectors including consumer discretionary and consumer staple, both of which should benefit from such long term trend as continued economic rebalancing towards consumption, rising income and living standard in China. We are overweight healthcare sector, as ageing population, rising income and the low penetration rate of biopharmaceutical in China all bode well for companies with strong R&D capabilities and product pipeline. Amongst financials, we like the insurance sector in light of rising rates. We are underweight telecommunications on concerns on rising competition as well as increasing capital expenditure for 5G development. We are selective amongst industrials.

^ Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Chinese Equity Fund	5.69	19.47	38.73	N.A.	N.A.	N.A.	57.88
Benchmark*	5.14	18.04	38.13	N.A.	N.A.	N.A.	62.28

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Chinese Equity Fund	N.A.	N.A.	N.A.	26.63
Benchmark*	N.A.	N.A.	N.A.	28.44

\*MSCI China (10/40) Capped Net Index

<sup>^</sup>Inception Date: 25 Jan 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Chinese Equity	99.75	4.04
Other assets	1.23	0.05
Other liabilities	(0.98)	(0.04)
<b>Total</b>	<b>100.00</b>	<b>4.05</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	2,455,830
Redemption	233,331

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Chinese Equity)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
H Shares (Hong Kong)	35.34	767.43
P Chips (Hong Kong & China)	24.64	535.11
Red Chips (Hong Kong)	14.84	322.29
A Shares (Shanghai)	3.11	67.53
Others*	21.4	464.67
Cash	0.67	14.48
<b>Total</b>	<b>100.00</b>	<b>2,171.51</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Financials	29.53	641.30
Information Technology	28.81	625.56
Consumer Discretionary	14.97	325.07
Health Care	5.88	127.65
Consumer Staples	5.06	109.94
Energy	4.08	88.63
Real Estate	3.85	83.69
Telecommunication Services	2.58	56.02
Materials	1.84	40.00
Utilities	1.66	35.94
Industrials	1.07	23.23
Cash	0.67	14.48
<b>Total</b>	<b>100.00</b>	<b>2,171.51</b>

**III Allocation of Debt Securities by Credit Ratings** **As at 31 Dec 2017**  
N.A.

**IV Top Ten Holdings of Underlying Sub-Fund** **As at 31 Dec 2017**

	<b>% of NAV</b>	<b>MV S\$ mil</b>
Tencent Holdings Ltd	9.88	214.66
Alibaba Group Holding Ltd	9.48	205.94
Ping An Ins Grp Co of China Ltd	6.96	151.07
China Construction Bank Corp	6.43	139.70
Indl and Comm Bank of China Ltd	3.92	85.14
AAC Technologies Holdings Inc	3.16	68.60
Bank of China Ltd	2.96	64.17
Baidu Inc	2.85	61.80
Sino Biopharmaceutical Ltd	2.36	51.27
Brilliance China Auto Hldg Ltd	2.29	49.69

**Top Ten Holdings of Underlying Sub-Fund** **As at 31 Dec 2016**

	<b>% of NAV</b>	<b>MV S\$ mil</b>
Tencent Holdings Ltd	10.02	191.23
China Construction Bank	10.01	191.05
Alibaba Group Holdings Ltd	9.28	177.11
China Mobile Ltd	6.50	124.06
Industrial & Commercial Bk Of China	4.99	95.24
Bank of China	3.87	73.86
China Petroleum and Chemical	3.67	70.04
Ping An Insurance Co	3.56	67.94
Cnooc Ltd	3.39	64.70
China Life Insurance Co	3.36	64.13

**V Exposure to Derivatives** **As at 31 Dec 2017**  
N.A.

**VI Borrowings of Net Asset Value** **As at 31 Dec 2017**  
N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Chinese Equity Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	1.92%	1.92%	1.90%	1.90%
Turnover Ratio	6.19%	3.70%	92.54%	0.79%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Chinese Equity for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds – Chinese Equity for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance Chinese Equity Fund S\$4.04 million, equivalent to 99.75% of its net asset value in HSBC Global Investment Funds – Chinese Equity, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$9,688.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**  
N.A.



#### **IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft Commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the Company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the Company on these transactions. The goods and services utilized for the Company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

#### **E) Financial Statements**

Refer to page 156.

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## HSBC Insurance Emerging Markets Equity Fund

### Fund Objective

HSBC Insurance Emerging Markets Equity Fund seeks to achieve capital growth primarily through investment in equity securities of emerging markets companies. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the Schroder Emerging Markets Fund.

### Investment and Market Review <sup>^</sup>

Global equities generated a positive return in December. In the US, Congress passed a tax reform bill and this was subsequently signed into legislation by President Trump. Macroeconomic data remained firm and the Fed increased interest rates by 25bps, in line with expectations. The Fed's rate-setting committee also revised up its 2018 GDP growth forecast from 2.1% to 2.5%. However, it left its core inflation projections unchanged, and do not expect this to return to the 2% target until the end of 2019. The ECB made no change to monetary policy but upgraded its outlook for Eurozone growth to 2.3% in 2018, up from 1.8% previously. Although it also upgraded its 2018 inflation forecast, it lowered its core inflation forecast from 1.3% to 1.1% in 2018. A modest depreciation in the USD, combined with a series of positive political developments in EM, was supportive of aggregate EM performance. The MSCI Emerging Markets Index increased in value and outperformed the MSCI World.

### Market Outlook and Investment Strategy <sup>^</sup>

The fund returned 3.3%, underperforming the MSCI Emerging Markets Index (+3.6%). On a gross underlying basis, the fund slightly outperformed, supported by positive stock selection. Country allocation was negative with the underweight to South Africa and a zero-weight to Indonesia the key headwinds. These were partly offset by the overweight to Greece and underweight to Mexico.

Global equities have made a positive start to 2018 as US tax reforms and ongoing strength in Eurozone data have supported the outlook for a pick-up in global growth. This has been supportive of risk appetite and, in combination with USD weakness, has contributed to a 4.2% rise in the MSCI Emerging Markets Index, relative to 2.6% for the MSCI World, as at 9 January. Last month Schroders' economics team upgraded its global growth forecasts to 3.2% in 2017 and 3.3% in 2018.

EM growth is forecast to remain strong at 4.9% in 2018. We continue to see signs of a modest deceleration in China but headline growth should remain robust at 6.4%. The government's focus on improving the quality of growth and rebalancing the economy while addressing debt and environmental concerns is positive. Economic recovery in Brazil and Russia is expected to persist and growth is forecast to be 2.5% and 2.3% respectively. The synchronised pick-up in global growth is forecast to be sustained, underpinned by Eurozone and US growth. This should support global trade and in turn EM. With output gaps in developed markets closing, inflationary pressure is likely to rise. As a result we expect to see ongoing monetary policy normalisation, at a measured pace.

EM valuations have increased and are now ahead of their long-term average on a price-to-book basis. We expect aggregate earnings growth of around 15% to support performance in 2018. There is also potential for earnings growth to broaden out across sectors following relatively narrow performance in 2017. Relative valuations remain attractive with the MSCI Emerging Markets Index trading on 12.2x forward price-to-earnings, a discount of around 28% to the MSCI World. EM equities experienced material net inflows in 2017, but in our view positioning is not over-extended. Risks of note include an upside surprise in DM inflation and yields driving an uplift in market volatility, and potential US trade policy relating to Nafta and the ongoing Section 301 investigation on Chinese technology transfer and intellectual property practice.

<sup>^</sup> Source: Schroder Investment Management (Singapore) Ltd

## FUND FACTS

Underlying Sub-Fund	Schroder International Choice Portfolio - Schroder Emerging Markets Fund
Fund Manager	Schroder Investment Management (Singapore) Ltd
Launch Date	06 Nov 2006
CPFIS/SRS*	SRS
CPFIS Risk Classification	N.A
As at 31 Dec 2017	
Offer Price	S\$ 1.42471
Bid Price	S\$ 1.35347
Fund Size	S\$ 37.50 mil
Units in Issue	27.71 mil

\*Note: With effect from 1 Oct 2008, the Fund has ceased to accept new monies under CPFIS.

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Emerging Markets Equity Fund	6.05	13.55	29.02	33.13	34.74	3.81	42.47
Benchmark*	5.73	12.51	26.99	30.98	35.36	9.70	53.04

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Emerging Markets Equity Fund	10.01	6.14	0.37	3.23
Benchmark*	9.41	6.24	0.93	3.90

\*MSCI Emerging Markets Index

<sup>A</sup>Inception Date: 21 Nov 2006

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Schroder International Choice Portfolio - Schroder Emerging Markets Fund	100.16	37.56
Other assets	0.85	0.32
Other liabilities	(1.01)	(0.38)
<b>Total</b>	<b>100.00</b>	<b>37.50</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,923,196
Redemption	6,596,154

## C) Underlying Sub-Fund Disclosure (Schroder International Choice Portfolio – Schroder Emerging Markets Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Luxembourg	99.33	109.45
Other net assets/(liabilities)	0.67	0.74
<b>Total</b>	<b>100.00</b>	<b>110.19</b>

\*HSBC Insurance Emerging Markets Equity Fund feeds wholly into Schroder Emerging Markets Fund (a feeder fund investing into a corresponding sub-fund in the Schroder International Selection Fund (ISF), an open-ended investment company incorporated in Luxembourg).

### II Allocation by Industry

As at 31 Dec 2017

N.A. (The fund invests wholly into an underlying collective investment scheme.)

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

### IV Top Ten Holdings of Underlying Sub-Fund\*

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Schroder International Selection Fund - Emerging Markets A Accumulation Share Class	99.33	109.45

### Top Ten Holdings of Underlying Sub-Fund\*

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Schroder International Selection Fund - Emerging Markets A Accumulation Share Class	98.75	82.97

\*The rest of the holdings of the underlying fund are cash-in-transits and accruals.

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	-
Market value (S\$)	-
Realised Gains / (Losses) (S\$)	(12,221)
Unrealised Gains / (Losses) (S\$)	-

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
N.A.	

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Emerging Markets Equity Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	2.01%	2.08%	1.98%	2.04%
			<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>
Turnover Ratio	4.19%	10.18%	2.95%	0.88%

\*Based on unaudited figures as at 30 Sep 2017 as the expense ratio of Schroder International Choice Portfolio - Schroder Emerging Markets Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Schroder International Choice Portfolio - Schroder Emerging Markets Fund for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

The Fund invests substantially into the Schroder International Selection Fund Emerging Markets. In the management of the underlying fund, the Manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the underlying fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations;
- and (iv) administration services.

In the management of the Fund, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

**E) Financial Statements**

Refer to page 156.

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## HSBC Insurance Ethical Global Equity Fund

### Fund Objective

HSBC Insurance Ethical Global Equity Fund seeks to generate capital appreciation by way of a feeder fund, which invests substantially all or all its assets into the Franklin Templeton Shariah Funds – Templeton Shariah Global Equity Fund. The Underlying Sub-Fund invests principally in Shariah-compliant equity and equity-related securities including common stocks of companies located anywhere in the world, including emerging markets.

### Investment and Market Review ^

Global equity markets rose in USD terms during the 3Q17, boosted by continued signs of synchronized global economic growth. In the 4Q17, global equity markets advanced in USD terms. Investors mainly focused on continued indications of positive economic growth from several regions and expectations surrounding tax reform in the US. The International Monetary Fund (IMF) in October upgraded its forecast for global growth in 2017 and 2018. However, it cautioned that recovery from the 2007–2009 global financial crises remains incomplete, and that latent risks could return as central banks pivot away from extensive stimulus. Emerging stock markets, as measured by MSCI indexes, collectively topped their developed-market peers during both Q3 & Q4.

Health care was the most significant sector detractor, underperformance within the sector was largely concentrated among pharmaceutical names. Stock selection in the materials sector and an overweight exposure to the telecommunications sector detracted from performance. In the materials sector, a number of our precious metals holdings weighed on relative performance. The fund's energy allocation outperformed relative to the benchmark thanks to stronger stock selection. A rising oil price and strong sector performance largely vindicated our decision to maintain an overweight energy exposure despite price volatility that accompanied fears of a supply glut earlier in the year. Stock-specific strength combined with an overweight exposure to the IT sector also contributed. Earnings and free cash flow have been strong this year within the sector. A continued underweight to the consumer staples sector, one of the benchmark's weakest performing sectors over the period, added value as well, further boosted by better stock selection.

### Market Outlook and Investment Strategy ^

Decades of market history suggesting that starting-point valuation is virtually all that really matters when it comes to long-term returns. Meanwhile, financial repression from the world's central banks appears to have forced investors farther out the risk spectrum to chase yield and growth in a market offering little of either. We view this as unsustainable for two main reasons.

First, many consider zero interest-rate policies and Quantitative Easing (QE) to have favored capital at the expense of labor, deepening inequality and disadvantaging the majority of the electorate, whose opinions matter in a democracy. Second, financial repression could fuel potentially destabilizing asset price bubbles. Overvaluation appears to be largely concentrated in fixed income markets, as well as the growth-oriented and bond proxy stocks that have dominated this cycle. We do not know how the process of policy normalization by central banks will evolve. Nonetheless, we do believe this mature cycle will eventually change, and with it the conditions that have been so hostile to value investing. We would not want to own the leaders of the last cycle during this transition. But the stocks left behind—the companies whose long-term earnings and cash flow potential we believe have been overlooked and undervalued by a narrowly focused market—might be best positioned for the reversals we view as likely to unfold in the future.

^ Source: Templeton Asset Management Ltd.

## FUND FACTS

Underlying Sub-Fund	Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund
Fund Manager	Templeton Asset Management Ltd.
Launch Date	29 Sep 1995
CPFIS/SRS	OA/SRS
CPFIS Risk Classification	Higher Risk – Broadly Diversified
As at 31 Dec 2017	
Offer Price	S\$ 1.47100
Bid Price	S\$ 1.39745
Fund Size	S\$ 59.32 mil
Units in Issue	42.45 mil

Note: With effect from 18 Nov 2013, the underlying sub-fund of HSBC Insurance Ethical Global Equity Fund, HSBC Amanah Funds - HSBC Amanah Global Equity - Z Class was replaced with Franklin Templeton Shariah Funds – Templeton Shariah Global Equity Fund.

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Ethical Global Equity Fund	3.48	7.00	9.65	20.87	40.68	8.77	47.10
Benchmark*	3.22	7.84	13.14	27.10	69.48	47.43	N.A.**

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Ethical Global Equity Fund	6.52	7.07	0.84	1.75
Benchmark*	8.32	11.13	3.96	N.A.**

\*MSCI AC World Islamic Index. The performance figures are based on the new benchmark MSCI AC World Islamic Index, due to change in the underlying sub-fund.

\*\*The new benchmark MSCI AC World Islamic Index is not available when HSBC Insurance Ethical Global Equity Fund was inceptioned

<sup>^</sup>Inception Date: 04 Oct 1995

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund	100.00	59.32
<b>Total</b>	<b>100.00</b>	<b>59.32</b>

### II Fund Movement

	(01 Jul 2017 - 31 Dec 2017)
	S\$
Subscription	633,380
Redemption	3,373,540

## C) Underlying Sub-Fund Disclosure (Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Japan	19.65	23.62
United States	17.41	20.93
United Kingdom	8.49	10.21
China	8.29	9.97
Germany	7.99	9.60
South Korea	7.82	9.40
France	4.68	5.63
Canada	4.38	5.26
Others*	18.88	22.70
Cash & Cash Equivalents	2.41	2.90
<b>Total</b>	<b>100.00</b>	<b>120.22</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
<b>Industry</b>		
Health Care	19.80	23.81
Information Technology	18.63	22.40
Energy	18.63	22.40
Materials	12.68	15.24
Industrials	10.48	12.60
Consumer Discretionary	7.49	9.00
Consumer Staples	4.83	5.81
Telecommunication Services	2.83	3.40
Real Estate	1.61	1.93
Utilities	0.61	0.73
Cash & Cash Equivalents	2.41	2.90
<b>Total</b>	<b>100.00</b>	<b>120.22</b>

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
N.A.		

<b>IV Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Tencent Holdings Ltd	3.21	3.86
Royal Dutch Shell Plc	2.41	2.90
BP Plc	2.29	2.75
Pfizer Inc	2.27	2.73
Bayer AG	2.05	2.46
Telefonica Deutschland Holding AG	1.64	1.97
Allergan Plc	1.58	1.90
LG Innotek Co Ltd	1.52	1.83
Eli Lilly & Co	1.51	1.82
Tsumura & Co	1.50	1.80

<b>Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Royal Dutch Shell Plc	3.45	3.86
Samsung Electronics Co Ltd	2.74	3.06
BP PLC	2.41	2.69
Pfizer Inc	2.20	2.46
Chevron Corp	2.20	2.46
Suncor Energy Inc	1.79	2.00
Bayer AG	1.78	1.99
Eli Lilly & Co	1.78	1.99
Total SA	1.75	1.96
Sanofi	1.67	1.87

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>	
N.A.		

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>	
N.A.		

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Ethical Global Equity Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.72%	1.69%	1.75%	1.75%
Turnover Ratio	1.06%	1.83%	As at 31-Oct-17*** 17.33%†	As at 31-Oct-16**** (129.64%)†

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund for the financial year ended 31 Dec 2017 is not available.

\*\* Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund for the financial year ended 31 Dec 2016 is not available

\*\*\* Based on unaudited figure as at 31 Oct 2017 as the turnover ratio of Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund for the financial year ended 31 Dec 2017 is not available

\*\*\*\* Based on unaudited figure as at 31 Oct 2016 as the turnover ratio of Franklin Templeton Shariah Funds - Templeton Shariah Global Equity Fund for the financial year ended 31 Dec 2016 is not available

†Turnover ratio calculation is based on Luxembourg GAAP.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the company may be directed by the investment managers to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers. The receipt of investment research and information and related services permits the investment managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms. Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid for directly by the investment managers.

For the period 1 July 2017 to 31 December 2017, The Franklin Templeton Shariah Fund - Templeton Shariah Global Equity Fund paid US\$12,020 in commission dollars generated from portfolio transactions to pay for goods or services provided by third parties under a soft dollar arrangement. All goods and services acquired with the soft dollar commission were for the benefit of the unit trust. The broker(s), who has executed trades for other funds managed by the investment managers, had executed the trades on best available terms and there was no churning of trades.

**E) Financial Statements**

Refer to page 157.

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or visit our web site at [www.insurance.hsbc.com.sg](http://www.insurance.hsbc.com.sg).**



## HSBC Insurance Ethical Global Sukuk Fund

### Fund Objective

HSBC Insurance Ethical Global Sukuk Fund seeks to maximise, consistent with prudent investment management, total investment return, consisting of a combination of profit income and capital appreciation through the Franklin Templeton Shariah Funds – Franklin Global Sukuk Fund.

### FUND FACTS

Underlying Sub-Fund*	Franklin Templeton Shariah Funds – Franklin Global Sukuk Fund
Fund Manager	Templeton Asset Management Ltd.
Launch Date	02 May 2002
CPFIS/SRS**	SRS
CPFIS Risk Classification	N.A.

### Investment and Market Review ^

The US economy continued to accelerate in the 4Q17 and showed solid jobs growth. In mid-December, the Fed hiked interest rates for the third time in 2017. The Fed also raised its 2018 US growth forecast, to 2.5%, in part because of the Trump administration's more aggressive fiscal policy. The energy market was another major macroeconomic driver of world markets. Saudi Arabia's 2018 budget, published in December, forecast a narrowing deficit, of 7.3% of GDP in 2018 compared with an estimated 8.9% in 2017. This narrowing deficit despite higher spending is mainly the result of higher expected non-oil revenues: value-added tax was to be introduced from January 2018, along with an expat levy and excise duty on "harmful goods". Malaysia's 6.2% year over year GDP growth in the 3Q17 beat expectations. Growth in private expenditure was the main surprise, as credit continued to expand, but exports remained strong as well.

As at 31 Dec 2017

Offer Price	S\$ 1.17178
Bid Price	S\$ 1.11319
Fund Size	S\$ 16.24 mil
Units in Issue	14.59 mil

\*Note: With effect from 18 Nov 2013, the underlying sub-fund of HSBC Insurance Ethical Global Sukuk Fund, HSBC Amanah Global Equity Index Fund was replaced with Franklin Templeton Shariah Funds – Franklin Global Sukuk Fund

\*\*Note: With effect from 18 Nov 2013, the Fund has been delisted from CPFIS.

The fund outperformed its benchmark, over the 2H17. While the Fund trailed the index in the 3Q17, the underperformance of the fund over the quarter was largely the result of the decline in the value of Bank Asya Sukuk. Performance improved in the 4Q17, with notable gains from off-benchmark exposures in currency and credit, while the benchmark's return was modest. The index fluctuated somewhat as benchmark rates moved, and was negative when rates rose in November. In December, the market received a boost from a flattening of the rate curve and lower long-dated benchmark rates.

### Market Outlook and Investment Strategy ^

Across the Gulf Cooperation Council (GCC), many of the recently adopted austerity policies appear likely to be loosened in 2018. So far, this outlook has been reflected by the budgets of Saudi Arabia and Qatar, which were expansionary. In Dubai, the government announced its biggest budget in the emirate's history, with expenditure projected to rise nearly 20% as the government speeds up its investment in 2020 World Expo-related projects.

Along with the improvement in commodity markets, the outlook for GCC countries is among the most encouraging it has been since 2015. We expect the main trends of 2017 – most notably, a flattening of the US curve and a muted dollar – to continue into 2018. Focus will probably shift increasingly towards inflation, as a signal for both the Fed and for the market's overall direction. We expect volatility to pick up with more short-term, counter-trend movements, but the longer-term trend should remain consistent with the latter stage of the economic cycle. This, in our view, is where we currently find ourselves.

Despite some stretched valuations in global credit, the environment is likely to remain positive for fixed income assets in general. This is particularly the case for GCC credit, which is in a different stage of its credit cycle, which has emerged from two difficult years following the oil price collapse with relatively better valuations and a credible reform agenda. We are grateful for the past year and optimistic about the year ahead.

^ Source: Templeton Asset Management Ltd.

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Ethical Global Sukuk Fund	(0.79)	(1.28)	(0.62)	7.08	39.57	22.38	17.18
Benchmark*	(1.39)	(1.65)	(3.36)	11.31	28.73	40.64	N.A.**

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Ethical Global Sukuk Fund	2.31	6.90	2.04	1.03
Benchmark*	3.64	5.18	3.47	N.A.**

\*Dow Jones Sukuk Index. The performance figures are based on the new benchmark Dow Jones Sukuk Index, due to change in the underlying sub-fund.

\*\*The new benchmark Dow Jones Sukuk Index is not available when HSBC Insurance Ethical Global Sukuk Fund was inceptioned.

<sup>^</sup>Inception Date: 01 Jul 2002

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund	99.94	16.23
Other assets	0.43	0.07
Other liabilities	(0.37)	(0.06)
<b>Total</b>	<b>100.00</b>	<b>16.24</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	105,049
Redemption	860,700

## C) Underlying Sub-Fund Disclosure (Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United Arab Emirates	22.83	40.29
Saudi Arabia	12.69	22.40
Indonesia	12.39	21.86
Malaysia	12.22	21.57
Qatar	10.58	18.67
Oman	4.40	7.76
Kuwait	4.32	7.62
Hong Kong	3.34	5.90
Others*	11.24	19.84
ST Cash & Cash Equivalents	5.99	10.58
<b>Total</b>	<b>100.00</b>	<b>176.49</b>

\*Includes other countries

II Allocation by Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Industry		
Government-Related Sovereign	38.25	67.50
Corporate Financial Institutions	23.71	41.85
Government-Related Agencies	12.22	21.56
Corporate Industrials	10.64	18.78
Treasury	7.09	12.51
Government-Related Supranational	1.47	2.60
Corporate Utilities	0.63	1.11
Cash & Cash Equivalents	5.99	10.58
<b>Total</b>	<b>100.00</b>	<b>176.49</b>

III Allocation of Debt Securities by Credit Ratings	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Rating		
AAA	1.47	2.60
AA+	3.34	5.90
AA	1.21	2.14
AA-	3.78	6.68
A+	7.90	13.94
A	12.91	22.78
A-	17.10	30.18
BBB+	2.82	4.98
BBB	9.62	16.97
BBB-	18.20	32.12
BB+	1.60	2.82
BB	1.76	3.11
Unrated	1.89	3.34
Others*	10.41	18.35
Cash & Cash Equivalents	5.99	10.58
<b>Total</b>	<b>100.00</b>	<b>176.49</b>

\*Includes lower rated debt securities

IV Top Ten Holdings of Underlying Sub-Fund	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.55%, 3/29/26	3.91	6.90
KSA Sukuk Ltd., senior bond, Reg S, 3.628%, 4/20/27	3.82	6.75
SoQ Sukuk A QSC, Reg S, 3.241%, 1/18/23	3.78	6.68
Oman Sovereign Sukuk SAOC, senior note, Reg S, 4.397%, 6/01/24	3.77	6.65
Equate Sukuk Spc Ltd., senior note, Reg S, 3.944%, 2/21/24	3.36	5.93
Hong Kong Sukuk 2017 Ltd., senior note, Reg S, 3.132%, 2/28/27	3.34	5.90
Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.325%, 5/28/25	3.18	5.61
Malaysia Sukuk Global Bhd., Reg S, 4.08%, 4/27/46	3.13	5.53
Government of Malaysia, senior bond, 4.444%, 5/22/24	2.97	5.25
MAF Sukuk Ltd., 4.50%, Reg S, 11/03/25	2.85	5.03

Top Ten Holdings of Underlying Sub-Fund	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.55%, 3/29/26	4.65	7.09
CBB International Sukuk Co. SPC, senior note, Reg S, 5.624%, 2/12/24	4.06	6.16
MAF Sukuk Ltd., 4.50%, Reg S, 11/03/25	3.52	5.34
Government of Malaysia, senior bond, 4.444%, 5/22/24	3.36	5.10
Malaysia Sukuk Global Bhd., Reg S, 4.08%, 4/27/46	3.06	4.65
GEMS MEA Sukuk Ltd., junior sub. note, Reg S, 12.00% to 11/21/18, FRN thereafter, Perpetual	2.84	4.31
Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.325%, 5/28/25	2.77	4.20
Saudi Electricity Global Sukuk Co. 3, senior bond, Reg S, 5.50%, 4/08/44	2.71	4.11
Sime Darby Global Bhd., senior note, Reg S, 3.29%, 1/29/23	2.56	3.89
JANY Sukuk Co. Ltd., Reg S, 2.844%, 9/23/19	2.55	3.87

**V Exposure to Derivatives** **As at 31 Dec 2017**  
N.A.

**VI Borrowings of Net Asset Value** **As at 31 Dec 2017**  
N.A.

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Ethical Global Sukuk Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.53%	1.54%	1.50%	1.50%
Turnover Ratio	2.69%	5.27%	As at 31-Oct-17*** 58.62%†	As at 31-Oct-16**** 31.24%†

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund for the financial year ended 31 Dec 2017 is not available.

\*\* Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund for the financial year ended 31 Dec 2016 is not available.

\*\*\*Based on unaudited figure as at 31 Oct 2017 as the turnover ratio of Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund for the financial year ended 31 Dec 2017 is not available.

\*\*\*\*Based on unaudited figure as at 31 Oct 2016 as the turnover ratio of Franklin Templeton Shariah Funds - Franklin Global Sukuk Fund for the financial year ended 31 Dec 2016 is not available.

†Turnover ratio calculation is based on Luxembourg GAAP.

**II Related-Party Transactions**

Cash balances maintained with HSBC Bank as at 31 Dec 2017 amounts to S\$14,997.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 157.

**For more information, please contact your financial consultant,  
call our Customer Service Hotline on 6225 6111,  
or visit our web site at [www.insurance.hsbc.com.sg](http://www.insurance.hsbc.com.sg).**

## HSBC Insurance Europe Dynamic Equity Fund

### Fund Objective

HSBC Insurance Europe Dynamic Equity seeks to maximise long-term capital growth by investing primarily in an aggressively managed portfolio of European companies. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the JPMorgan Funds – Europe Dynamic Fund.

### Investment and Market Review ^

3Q17 saw the European market grinding sideways through much of July and August before finally rallying towards the end of September. The fund underperformed in Q3. Positive contributors to relative returns included stock selection in pharmaceuticals biotechnology & life sciences and an overweight position in consumer durables & apparel. Detractors included stock selection and an underweight position in materials and stock selection in transportation. At the stock, our overweight position in A.P. Moller-Maersk detracted from returns. Shares in the world's largest container shipping company came under pressure due to weakness in the USD and speculation that increased capacity in the sector may suppress freight rates.

4Q17 saw the European market returning +0.6% on a total return basis, in EUR, having traded in a range through much of the period. Confidence indicators for manufacturing and services remained very strong on both sides of the Atlantic. Bond markets saw yields edging modestly higher into December, except in the UK, where the first interest rate rise for 10 years saw the yield curve flattening. Sector performance was very mixed – higher metals and oils prices boosted materials and energy. Real estate also performed well, but other interest-rate sensitives such as telecoms, utilities and healthcare under-performed. The fund underperformed in the 4Q17. Positive contributors to relative returns included stock selection in materials and semiconductors & semiconductor equipment. Detractors included both stock selection and an underweight position in energy and both stock selection and an overweight position in banks.

### Market Outlook and Investment Strategy ^

Confidence indicators remain positive in Europe, suggesting that the economy is growing above trend and has momentum. The ECB intends to taper its QE programme, and the conditions for doing so, and we are already seeing a modest steepening in euro yield curves. This is consistent with an encouraging growth background and a rise in the cost of capital does not concern us unduly since we view any such rise as being modest and gradual. If the steepening of yield curves continues we should see support for financials and cyclical.

We follow a disciplined bottom-up investment process that aims to give equal importance to all stages of the investment process: from stock selection to portfolio construction and implementation. Our portfolio managers select individual stocks that have one or more of the Value, Quality, and Momentum characteristics we seek. Within our current portfolio this disciplined, bottom up approach has led us to overweight positions in cyclical sectors such as materials and financials including banks and insurance. Conversely we are underweight more defensive sectors such as food, beverage and tobacco

^ Source: JPMorgan Asset Management (Singapore) Limited

## FUND FACTS

Underlying Sub-Fund	JPMorgan Funds – Europe Dynamic Fund
Fund Manager	J.P. Morgan Asset Management.
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	S\$ 1.33419
Bid Price	S\$ 1.26748
Fund Size	S\$ 39.33 mil
Units in Issue	31.03 mil

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Europe Dynamic Equity Fund	(0.33)	1.25	9.57	N.A.	N.A.	N.A.	26.75
Benchmark*	1.64	5.50	14.59	N.A.	N.A.	N.A.	33.75

\*MSCI Europe Index (Total Return Net) Hedged to SGD

<sup>^</sup>Inception Date: 25 Jan 2016

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Europe Dynamic Equity Fund	N.A.	N.A.	N.A.	13.04
Benchmark*	N.A.	N.A.	N.A.	16.22

\*MSCI Europe Index (Total Return Net) Hedged to SGD

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
JPMorgan Funds – Europe Dynamic Fund	100.10	39.37
Other assets	0.18	0.07
Other liabilities	(0.28)	(0.11)
<b>Total</b>	<b>100.00</b>	<b>39.33</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	39,272,338
Redemption	837,339

**C) Underlying Sub-Fund Disclosure (JPMorgan Funds – Europe Dynamic Fund)**

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
France	22.20	555.21
United Kingdom	21.50	537.70
Germany	14.20	355.13
Switzerland	11.00	275.10
Netherlands	5.80	145.05
Denmark	5.60	140.05
Spain	4.60	115.04
Others*	9.70	242.59
Net Liquidity	5.40	135.05
<b>Total</b>	<b>100.00</b>	<b>2,500.92</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
<b>Industry</b>		
Financials	27.40	685.25
Materials	14.80	370.14
Consumer Discretionary	13.30	332.62
Industrials	10.80	270.10
Health Care	8.70	217.58
Information Technology	7.50	187.57
Consumer Staples	4.60	115.04
Others*	7.50	187.57
Net Liquidity	5.40	135.05
<b>Total</b>	<b>100.00</b>	<b>2,500.92</b>

\*Includes other industries

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>
N.A.	

<b>IV Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Novartis	4.51	112.79
Allianz	3.64	91.03
Vinci	3.06	76.53
Covestro	2.93	73.28
Engie	2.86	71.53
BASF	2.58	64.52
ING	2.56	64.02
Novo Nordisk	2.43	60.77
STMicroelectronics	2.34	58.52
Partners	2.33	58.27

<b>Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Roche	3.04	57.43
Glencore	3.03	57.32
Total S.A	2.87	54.19
Allianz	2.57	48.59
ING	2.44	46.04
STMicroelectronics	2.27	42.89
Siemens	2.20	41.64
HSBC	2.12	39.98
Novartis	2.04	38.49
BNP Paribas	1.91	36.18

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	0.36%
Market value (S\$)	6,697,869
Realised Gains / (Losses) (S\$)	-
Unrealised Gains / (Losses) (S\$)	6,697,869

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
N.A.	

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Europe Dynamic Equity Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Jun-16**</b>
Expense Ratio	1.78%	1.82%	1.80%	1.80%
Turnover Ratio	12.57%	222.69%	182.17%†	144.62%†

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of JPMorgan Funds – Europe Dynamic Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on audited figures as at 30 Jun 2016 as the expense and turnover ratios of JPMorgan Funds – Europe Dynamic Fund for the financial year ended 31 Dec 2016 are not available.

†Turnover Ratio calculation is based on Swiss Funds and Asset Management Association.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 157.

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## HSBC Insurance Global Bond Fund

### Fund Objective

HSBC Insurance Global Bond Fund seeks to maximize total returns in Singapore Dollar terms over the longer term by investing in a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand. Fund investments are by way of a feeder fund, which invests substantially all or all its assets in the Legg Mason Western Asset Global Bond Trust.

### Investment and Market Review ^

Global bonds posted mixed returns in December.

The Fed raised rates as expected and kept its outlook for three rate hikes in 2018 unchanged. The US tax reform bill was finally signed into law on December 22. With inflation data remaining subdued, the US yield curve flattened as short rates rose and intermediate- to long-term rates declined. European yields rose on continued Eurozone growth optimism and increasing expectations that the ECB recent QE extension might be its last, despite the ECB reiterating its willingness to continue asset purchases after September 2018. In Italy, rising political uncertainty ahead of the March general election pushed yields sharply higher. Mexican assets continued to underperform with the Mexican peso as one of only a handful of currencies to underperform the USD in December. Credit markets remained firm into the year-end.

### Market Outlook and Investment Strategy ^

In our opinion, the current steady but unspectacular global growth backdrop has not materially changed. US inflation has remained low even though the economy has improved. With tighter credit spreads and USD depreciation, financial conditions have become more accommodative despite higher short-term rates. We think the Fed will continue with a few more slow, gradual and cautious hikes in 2018. We remain tactical with respect to overall portfolio duration and yield-curve positioning. We maintain a long US duration position in global portfolios with short-duration positions in core European bonds and Japan.

Eurozone GDP is growing at its fastest pace in seven years, with momentum, it seems, for further improvement. The growth dynamic is broad-based, with the reliance on net exports being dissipated as domestic demand has strengthened. Furthermore, it is not only the "core" economies that are benefitting; the periphery economies are also on an upward trajectory. We believe bund yields will eventually correct to reflect the possibility of policy normalization post 2019 but, in the near term, yields are unlikely to rise materially. We remain constructive on the Italian economic recovery story but less so on valuations and have reduced Italian overweight exposures accordingly. As we approach elections in the first half of 2018, the market may look to price in some additional risk premium and we will look to re-establish a more significant position.

We continue to look for opportunities to benefit from market anomalies. Our focus remains on longer-term fundamentals with diversified strategies to manage risk.

^ Source: Legg Mason Asset Management Singapore Pte. Limited

## FUND FACTS

Underlying Fund	Legg Mason Western Asset Global Bond Trust
Fund Manager	Legg Mason Asset Management Singapore Pte. Limited
Launch Date	06 Oct 2008
CPFIS/SRS	OA/SA/SRS
CPFIS Risk Classification	Low to Medium Risk – Broadly Diversified
As at 31 Dec 2017	
Offer Price	S\$ 1.22154
Bid Price	S\$ 1.16046
Fund Size	S\$ 10.51 mil
Units in Issue	9.06 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Bond Fund	(0.00)	(0.09)	2.00	3.59	10.92	N.A.	22.15
Benchmark*	0.63	1.09	1.94	7.93	17.39	N.A.	29.10

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Global Bond Fund	1.18	2.09	N.A.	2.19
Benchmark*	2.58	3.26	N.A.	2.81

\*Citigroup World Government Bond Index ex-Japan (hedged to S\$)

^Inception Date: 09 Oct 2008

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Legg Mason Western Asset Global Bond Trust	100.00	10.51
<b>Total</b>	<b>100.00</b>	<b>10.51</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	2,608,699
Redemption	1,210,415

## C) Underlying Fund Disclosure (Legg Mason Western Asset Global Bond Trust)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
USA	39.53	146.31
Italy	11.52	42.63
France	6.86	25.40
Japan	6.31	23.37
Spain	4.93	18.23
Mexico	4.86	17.97
Great Britain	3.83	14.18
Poland	3.71	13.74
Others*	11.19	41.40
Cash	7.26	26.87
<b>Total</b>	<b>100.00</b>	<b>370.10</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Government	91.81	339.78
Financials	0.92	3.41
Others*	0.01	0.04
Cash	7.26	26.87
<b>Total</b>	<b>100.00</b>	<b>370.10</b>

\*Includes other industries

III Allocation of Debt Securities by Credit Ratings	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Rating		
Aaa	7.54	27.89
AA+	39.53	146.31
Aa2	10.67	39.50
Aa3	2.58	9.55
A	6.31	23.35
A2	0.95	3.53
A-	3.71	13.74
BBB+	4.86	17.97
Baa2	16.45	60.87
Unrated	0.14	0.52
Cash	7.26	26.87
<b>Total</b>	<b>100.00</b>	<b>370.10</b>

IV Top Ten Holdings of Underlying Fund	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
US Treasury Bond 1.5% 31/12/2018	9.19	34.00
Buoni Poliennali Del Tes 1.45% 15/09/2022	5.82	21.54
France (Govt of) (Reg S) 0.25% 25/11/2016	5.74	21.23
US Treasury Bond 4.5% 15/08/2039	5.11	18.92
US Treasury Bond 2.125% 29/02/2024	4.05	14.98
Japan (Govt of) CPI Linked Ser 16 1.4% 10/06/2018	3.88	14.37
Poland Government Bond Ser 726 2.5% 25/07/2026	3.71	13.74
US Treasury Bond 2.875% 15/05/2043	3.65	13.50
UK Treasury 4.25% 07/12/2040	3.45	12.78
Mex Bonds Desarr Fix RT Ser M 7.75% 13/11/2042	3.37	12.47

Top Ten Holdings of Underlying Fund	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
US Treasury Bond 1.5% 31/12/2018	9.99	36.03
France (Govt of) (Reg S) 0.25% 25/11/2016	7.04	25.41
TSY Infi IX Bond 0.250% 15/01/2025	5.70	20.58
Buoni Poliennali Del Tes 1.45% 15/09/2022	5.67	20.46
US Treasury Bond 4.5% 15/08/2039	5.44	19.64
Poland Government Bond Ser 726 2.5% 25/07/2026	5.23	18.89
Japan (Govt of) CPI Linked Ser 16 1.4% 10/06/2018	4.36	15.73
Mex Bonds Desarr Fix RT Ser M 7.75% 13/11/2042	4.06	14.67
US Treasury Bond 2.875% 15/05/2043	3.80	13.70
US Treasury N/B 1.00% 15/09/2017	3.71	13.40

V Exposure to Derivatives	As at 31 Dec 2017
% of NAV	0.01%
Market value (S\$)	45,941
Realised Gains / (Losses) (S\$)	-
Unrealised Gains / (Losses) (S\$)	45,941

VI Borrowings of Net Asset Value	As at 31 Dec 2017
N.A.	

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Global Bond Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	0.93%	0.94%	0.89%	0.88%
Turnover Ratio	12.02%	10.63%	As at 31-Dec-17 45.84%	As at 31-Dec-16 39.81%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Legg Mason Western Asset Global Bond Trust for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Legg Mason Western Asset Global Bond Trust for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 158.

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**HSBC Insurance Global Emerging Markets Bond Fund**

**FUND FACTS**

**Fund Objective**

HSBC Insurance Global Emerging Markets Bond Fund invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in emerging markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of emerging markets. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the HSBC Global Investment Funds – Global Emerging Markets Bond.

Underlying Sub-Fund	HSBC Global Investment Funds – Global Emerging Markets Bond
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	28 Jan 2013
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.11458
Bid Price	S\$ 1.05885
Fund Size	S\$ 2.12 mil
Units in Issue	2.01 mil

**Investment and Market Review ^**

Emerging Market Debt (EMD) assets have posted positive performance in 2017 as strong investor flows have been driven by global demand for yield and low volatility. UST yields have remained range-bound throughout while the USD weakened as inflationary expectations tempered. At a portfolio level, the strategy has held an underweight to duration and spread duration given tight valuations across the asset class and the prevailing risks of central bank hawkishness. This cautious approach has been balanced by maintaining a beta above 1, while focusing on yield capture from overweight positions in higher yielding, high beta countries.

During this risk-on environment, expensive low beta, lower yielding countries underperformed and underweight positioning in China, the Philippines and Poland helped relative performance. The largest single contributor was positioning in Mexico as an overweight position at the start of year benefitted from spread compression while an underweight towards the end of year contributed as spreads rose as inflationary, NAFTA and political risks grew. Security selection focus on energy related quasi-sovereigns in Russia also helped, benefitting from an overall increase in commodity prices. Similarly, off-benchmark exposure to mining related corporate issues also contributed to performance. However, some of these gains were offset by positioning in the high yield segment with security selection of sovereign debt in Venezuela. Besides, an underweight to Ukraine earlier in the year hurt performance as bond prices were buoyed by IMF support. Holdings in cash, held for liquidity purposes, also detracted from performance as hard currency assets rallied.

**Market Outlook and Investment Strategy ^**

Generally accommodative developed market monetary policies synchronized global growth and an improved fundamental picture for most EM countries has provided a supportive backdrop for EMD. While EMD has enjoyed strong performance over the last year, it has resulted in expensive valuations compared to their historic averages. However, when compared to developed markets, the asset class continues to offer an attractive yield pickup. As a result, there have been record inflows into EM fixed income. While this raises concern, flows should remain supportive all things being equal. In the near-term, much of the attention will be focused on US fiscal and monetary policy as well as the improving economy in Europe. While the Fed and the ECB's intentions have so far been well communicated, catalysts for inflationary pressures could cause central banks to tighten conditions sooner than markets anticipate, although this is not our base case. Further episodic volatility could stem from political and geopolitical risks e.g. South Africa and North Korea, while markets are watchful of how China's balancing act, of maintaining growth while reducing its debt problem, will play out. However, periods of volatility should present opportunities to add risk to our portfolios where the risk premium is attractive. Over the longer term, we believe EMD valuations still compare favorably to developed markets bonds but selectivity and carry will be key components for growth in the asset class.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Bond Fund	0.19	2.04	7.46	14.49	N.A.	N.A.	11.46

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Bond Fund*	4.61	N.A.	N.A.	2.24

\*This fund has no benchmark.

<sup>^</sup>Inception Date: 06 Feb 2013

**B) Fund Disclosure**

**I Allocation by Asset Class**

	As at 31 Dec 2017	
Asset Class	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Global Emerging Markets Bond	100.00	2.12
<b>Total</b>	<b>100.00</b>	<b>2.12</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	594,381
Redemption	86,269

**C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Global Emerging Markets Bond)**

**I Allocation by Country**

	As at 31 Dec 2017	
Country	% of NAV	MV S\$ mil
Turkey	10.58	642.36
Mexico	10.32	626.38
Argentina	8.87	538.48
Indonesia	8.38	508.63
China	5.00	303.53
Russian Federation	4.56	277.19
Brazil	4.40	266.99
Colombia	4.35	264.08
Chile	3.12	189.51
Others*	40.42	2,455.09
<b>Total</b>	<b>100.00</b>	<b>6,072.24</b>

\*Includes other countries

**II Allocation by Industry**

	As at 31 Dec 2017	
Industry	% of NAV	MV S\$ mil
Sovereign (Hard Ccy)	68.90	4,183.87
Quasi (Hard Ccy)	22.67	1,376.43
Corporate (Hard Ccy)	5.47	332.07
Local FX	2.29	138.85
Local Sovereign Bonds	0.02	1.31
Cash	0.65	39.71
<b>Total</b>	<b>100.00</b>	<b>6,072.24</b>

### III Allocation of Debt Securities by Credit Ratings

Ratings	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
AAA	2.94	178.53
AA	0.17	10.18
AA-	0.81	49.16
A+	6.24	379.06
A	1.00	60.56
A-	3.70	224.47
BBB+	8.13	493.64
BBB	19.23	1,167.94
BBB-	13.73	833.71
BB+	8.93	542.40
BB	7.61	461.86
BB-	3.18	193.13
B+	12.87	781.59
B	6.25	379.49
Others*	5.21	316.52
<b>Total</b>	<b>100.00</b>	<b>6,072.24</b>

\*Includes lower rated debt securities

### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Argentina (Republic of) 7.500 04/22/2026	2.49	150.68
Colombia (Republic of) 3.875 04/25/2027	2.07	125.40
Argentina (Republic of) 6.875 01/26/2027	1.73	105.35
Russia Global 4.875 09/16/2023	1.64	99.39
Turkey (Republic of) 4.875 10/09/2026	1.63	98.83
Petroleos Mexicanos 4.500 01/23/2026	1.44	87.51
Argentina (Republic of) 7.625 04/22/2046	1.35	82.20
Dominican Republic 6.875 01/29/2026	1.22	74.24
Argentina (Republic of) 6.875 04/22/2021	1.20	72.79
Ukraine (Republic of) 7.750 09/01/2027	1.16	70.70

### Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Republic of Indonesia 4.875% 05/05/21	2.65	141.40
Argentina (Republic of) 7.5% 22/04/26	2.61	138.84
Turkey (Republic of)-Global 7% 11/03/19	2.21	117.80
Russia Global 4.875% 16/09/23	1.96	104.53
Hungary Republic of - Global 6.375% 29/03/21	1.73	92.29
United Mex States-Global 6.05% 11/01/40	1.66	88.54
Dominican Republic 6.875% 29/01/26	1.61	85.48
Petroleos Mexicanos 3.5% 30/01/23	1.58	83.88
Hungary Republic of - Global 6.25% 29/01/20	1.54	81.81
United Mexican States 4.6% 23/01/46	1.53	81.46

### V Exposure to Derivatives

	As at 31 Dec 2017
% of NAV	(4.49%)
Market value (S\$)	(272,769,739)
Realised Gains / (Losses) (S\$)	4,238,112
Unrealised Gains / (Losses) (S\$)	(5,961,378)

### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
Use of borrowing in % of Fund Total Net Asset	(0.02%)

**D) Other Disclosure Items**

I) Expense/Turnover Ratios	HSBC Insurance Global Emerging Markets Bond Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.67%	1.67%	1.64%	1.65%
Turnover Ratio	4.41%	5.40%	56.66%	0.55%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global Emerging Markets Bond for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds – Global Emerging Markets Bond for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

The HSBC Insurance Global Emerging Markets Bond invests S\$2.12 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Global Emerging Markets Bond, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$6,078.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 158.

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**HSBC Insurance Global Emerging Markets Equity Fund**

**Fund Objective**

HSBC Insurance Global Emerging Markets Equity Fund seeks to provide long-term capital growth by investing primarily in emerging market companies. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the JPMorgan Funds – Emerging Markets Equity.

**Investment and Market Review ^**

Global equities produced surprisingly strong returns in 2017, with EM leading the way for the second year in a row. This strong performance reflected healthy and synchronized global growth and a weakening dollar.

The portfolio outperformed its benchmark in the past 12 months. Stock selection was the primary driver of positive relative returns, while country allocation detracted. Stock selection in China has been the major driver of results over the course of the year. Contribution was well diversified, including internet businesses and insurance companies. Tencent was among the leading contributors, consistently reporting stronger-than-expected results, driven by revenue growth in mobile and PC gaming.

Stock selection in financials continued to be a bright spot, driven by positions in high quality Indian private sector banks, they continue to take share from the public sector.

Our longstanding overweight to South Africa, which is the result of bottom-up stock selection, was the leading detractor from performance for the year overall despite the recovery in the market in December. Political volatility continued to hurt equity and currency markets, as the firing of a respected finance minister in March led to a credit rating downgrade, notably impacting financials.

**Market Outlook and Investment Strategy ^**

Healthy and synchronized global growth and a weakening dollar supported strong asset class returns in 2017 and we believe these growth and dollar trends will continue through 2018, leading us to expect continued strength in EM, in both absolute and relative terms.

The global growth outlook is extremely important to the performance of EM equities, and today, growth is stronger and more broad-based than at any time since 2010. Moreover, as inflation is currently well contained, the risk that G3 central banks act aggressively to cool down the economy seems to be rather low. Considering this, healthy growth and the corresponding comfort with risk assets may last longer than many expect. However, further acceleration of growth, particularly in developed economies, could lead us to reconsider that view.

On the risk side of the ledger, as the dollar and global growth are the two most supportive macro drivers behind EM's strength, it should not be a surprise that they also represent the most important risks in the medium term. Geopolitical concerns and economic slowdowns tend to suppress risk appetite and support the dollar, both of which would likely prove problematic for EM equities. In the short term, EM stocks are certainly vulnerable to a turn in market sentiment, and a long-awaited correction in the Standard & Poor (S&P) 500 would certainly be felt across the EM universe.

Given the supportive growth and currency backdrop in place today, we are advising clients to take advantage of any market weakness to add exposure.

^ Source: JPMorgan Asset Management (Singapore) Limited

**FUND FACTS**

Underlying Sub-Fund	JPMorgan Funds – Emerging Markets Equity Fund
Fund Manager	J.P. Morgan Asset Management.
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	S\$ 1.71484
Bid Price	S\$ 1.62910
Fund Size	S\$ 1.84 mil
Units in Issue	1.13 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Equity Fund	5.68	13.07	31.42	N.A.	N.A.	N.A.	62.91
Benchmark*	5.73	12.51	26.99	N.A.	N.A.	N.A.	57.51

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Equity Fund	N.A.	N.A.	N.A.	29.75
Benchmark*	N.A.	N.A.	N.A.	27.43

\*MSCI Emerging Markets Index (Total Return Net)

<sup>A</sup>Inception Date: 16 Feb 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
JPMorgan Funds – Emerging Markets Equity Fund	100.00	1.84
<b>Total</b>	<b>100.00</b>	<b>1.84</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,194,516
Redemption	10,758

## C) Underlying Sub-Fund Disclosure (JPMorgan Funds – Emerging Markets Equity Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
China	33.70	2,981.27
India	16.60	1,468.52
Brazil	8.90	787.34
South Africa	7.10	628.10
Taiwan	6.70	592.71
South Korea	5.80	513.10
Russia	4.70	415.79
Others*	14.00	1,238.50
Net Liquidity	2.50	221.16
<b>Total</b>	<b>100.00</b>	<b>8,846.49</b>

\*Includes other countries.

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Financials	31.40	2,777.79
Information Technology	29.20	2,583.18
Consumer Discretionary	17.30	1,530.44
Consumer Staples	10.90	964.27
Industrials	4.30	380.40
Materials	2.00	176.93
Energy	1.70	150.39
Utilities	0.70	61.93
Net Liquidity	2.50	221.16
<b>Total</b>	<b>100.00</b>	<b>8,846.49</b>

**III Allocation of Debt Securities by Credit Ratings** **As at 31 Dec 2017**  
N.A.

**IV Top Ten Holdings of Underlying Sub-Fund** **As at 31 Dec 2017**

	<b>% of NAV</b>	<b>MV S\$ mil</b>
Tencent	7.07	625.45
Alibaba	4.96	438.79
Samsung Electronics	4.55	402.52
Taiwan Semiconductor Manufacturing Company	4.52	399.86
AIA	4.16	368.01
HDFC Bank	4.13	365.36
Ping An Insurance	3.83	338.82
Sberbank of Russia OJSC	3.73	329.97
Housing Development Finance	3.68	325.55
Tata Consultancy Services	2.26	199.93

**Top Ten Holdings of Underlying Sub-Fund** **As at 31 Dec 2016**

	<b>% of NAV</b>	<b>MV S\$ mil</b>
Tencent	6.18	365.64
Taiwan Semiconductor Manufacturing Company	4.96	293.64
AIA	3.82	226.51
Housing Development Finance	3.79	224.44
HDFC Bank	3.53	209.27
Tata Consultancy Services	2.84	168.30
Alibaba	2.79	165.54
Sberbank Of Russia	2.75	162.88
BID	2.57	151.98
Samsung Electronics	2.55	151.22

**V Exposure to Derivatives** **As at 31 Dec 2017**  
N.A.

**VI Borrowings of Net Asset Value** **As at 31 Dec 2017**  
N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Global Emerging Markets Equity Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Jun-16**</b>
Expense Ratio	1.82%	1.83%	1.80%	1.80%

	<b>As at 31-Dec-17</b>	
Turnover Ratio	0.45%	280.29%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of JPMorgan Funds – Emerging Markets Equity Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figures as at 30 Jun 2016 as the expense and turnover ratios of JPMorgan Funds – Emerging Markets Equity Fund for the financial year ended 31 Dec 2016 are not available.

†Turnover Ratio Calculation is based on Swiss Funds and Asset Management Association.

**II Related-Party Transactions**  
N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**  
N.A.

**IV Soft Dollar Commission Arrangement**  
N.A.

**E) Financial Statements**

Refer to page 158.

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## HSBC Insurance Global Equity Fund

### Fund Objective

HSBC Insurance Global Equity Fund seeks to achieve long-term growth of capital by investing in a portfolio of equity securities. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the AllianceBernstein - Global Equity Blend Portfolio.

### Investment and Market Review <sup>^</sup>

Global equities surged to multiyear highs in 2017, a year of steady and consistent gains. The MSCI World Index was up 10.61% in the 2H17 and closed 2017 up 22.40%. Markets were led by a rally in technology shares, strong economic growth and relatively begin inflation. EM outperform, their developed-market peers after several disappointing years. Japanese stocks rebounded, while European equities trailed. In the US, the anticipation of regulatory and tax reform sent markets to record closes. For the 2H17, all sectors closed in positive territory, led by technology and materials. The popularity of growth stocks was driven by internet and media dynamos, both in the US and in EM. Utilities, healthcare and telecom were relative underperformers for the period.

### Market Outlook and Investment Strategy <sup>^</sup>

The outlook for global economic growth remains positive and broad-based. Corporate profit growth is expected to remain strong. US tax reform is likely to drive profit improvement and spur investment and should broadly benefit US stocks in 2018. As we look ahead, global economies should continue to improve, and the prospects for continued US economic growth appear better balanced and less dependent on monetary policy.

But there are real risks to consider, too. While inflation has remained stubbornly low since the financial crisis, conditions appear likely to support at least a modest uptick in prices. This, along with continued strong economic growth, could cause interest rates to rise faster than expected. We believe this is one of the key threats to equity returns that investors should consider. Since current monetary policies have been so accommodative for the equity market, we think a faster-than-expected rebound in interest rates could deliver a shock to markets. In this scenario, stocks with negative sensitivity to interest rates, such as real estate and utilities stocks, would be particularly vulnerable. On the other hand, undervalued banks and cyclical stocks could do well.

Valuations are another concern. Overall, equity market valuations are higher than usual. That said, we don't see signs of a bubble, and valuations are diverse across and within regions. For example, while US stocks are trading further above their historical norms, European and Japanese stocks are somewhat less expensive. And within regions, valuation spreads remain relatively wide.

Our balanced style approach helps our Portfolio perform well across a variety of economic environments and provides a more consistent premium. Across our equity services, we believe that an active investment approach with differentiated research and high conviction can achieve superior long-term results, even if uncertainty rises through 2018.

<sup>^</sup> Source: AllianceBernstein (Luxembourg) S.à r.l.

## FUND FACTS

Underlying Fund	AllianceBernstein- Global Equity Blend Portfolio
Fund Manager	AllianceBernstein (Luxembourg) S.à r.l.
Launch Date	06 Oct 2008
CPFIS/SRS*	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.74617
Bid Price	S\$ 1.65886
Fund Size	S\$ 82.15 mil
Units in Issue	49.52 mil

\*Note: With effect from 31 Aug 2016, the Fund has been delisted from CPFIS

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Fund	3.97	7.62	17.78	29.80	82.83	N.A.	74.62
Benchmark*	3.83	7.36	13.22	31.56	89.71	N.A.	139.61 <sup>^</sup>

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Fund	9.08	12.83	N.A.	6.24
Benchmark*	9.57	13.66	N.A.	10.00 <sup>^</sup>

\*MSCI World Net Index (in S\$)

<sup>^</sup>Performance of the benchmark is measured from closest month-end after inception through 31 December 2016

<sup>^</sup>Inception Date: 16 Oct 2008

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
AllianceBernstein - Global Equity Blend Portfolio, S1 class	100.10	82.23
Other assets	0.05	0.04
Other liabilities	(0.15)	(0.12)
<b>Total</b>	<b>100.00</b>	<b>82.15</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,996,829
Redemption	5,154,710

## C) Underlying Sub-Fund Disclosure (AllianceBernstein- Global Equity Blend Portfolio)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United States	47.08	88.42
Japan	6.74	12.66
United Kingdom	6.16	11.56
France	4.49	8.44
China	3.68	6.91
India	3.36	6.31
Switzerland	3.33	6.26
Germany	2.71	5.09
Ireland	1.98	3.71
Others*	20.47	38.44
<b>Total</b>	<b>100.00</b>	<b>187.80</b>

\*Includes other countries and other assets less liabilities

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
<b>Industry</b>	<b>% of NAV</b>	<b>MV S\$ mil</b>
Financials	18.63	34.98
Information Technology	16.12	30.27
Health Care	14.64	27.50
Industrials	10.05	18.87
Consumer Discretionary	9.16	17.21
Consumer Staples	8.68	16.30
Utilities	4.67	8.77
Telecommunication Services	4.42	8.31
Materials	4.14	7.77
Energy	3.07	5.77
Real Estate	2.55	4.79
Others*	3.87	7.26
<b>Total</b>	<b>100.00</b>	<b>187.80</b>
*Includes other assets less liabilities		
<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
N.A.		
<b>IV Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Apple, Inc.	1.34	2.51
ICON PLC	1.23	2.31
MSCI, Inc. - Class A	1.19	2.24
American Water Works Co, Inc.	1.17	2.20
Kingspan Group PLC (London)	1.17	2.19
Housing Development Finance Corp., Ltd.	1.15	2.16
Hexcel Corp.	1.12	2.11
Abbott Laboratories	1.10	2.06
Tyson Foods, Inc. - Class A	1.05	1.97
Apollo Hospitals Enterprise Ltd.	1.04	1.95
<b>Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Apple, Inc.	1.83	8.29
Roche Holding AG	1.57	7.11
Partners Group Holding AG	1.25	5.67
Kingspan Group PLC	1.11	5.05
Alphabet, Inc. - Class C	1.10	4.98
Xylem, Inc./NY	1.08	4.88
Ecolab, Inc.	1.08	4.87
West Pharmaceutical Services, Inc.	1.06	4.80
MSCI, Inc. - Class A	1.05	4.76
Tesla Motors, Inc.	1.05	4.76
<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>	
% of NAV	(0.02%)	
Market value (S\$)	(30,248.71)	
Realised Gains / (Losses) (S\$)	-	
Unrealised Gains / (Losses) (S\$)	(30,248.75)	
<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>	
Securities lending / Total Net Asset	0.85%	

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Global Equity Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 31-Aug-17*	As at 31-Aug-16**
	Expense Ratio	1.72%	1.73%	0.79%
Turnover Ratio	1.87%	6.82%	63.36%	55.86%

\*Based on audited figures as at 31 Aug 2017 as the expense and turnover ratios of Alliance Bernstein - Global Equity Blend Portfolio for the financial year ended 31 Dec 2017 are not available.

\*\*Based on audited figures as at 31 Aug 2016 as the expense and turnover ratios of Alliance Bernstein - Global Equity Blend Portfolio for the financial year ended 31 Dec 2016 are not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

For the period ended 31 December 2017, the investment manager received and entered into soft-dollar commissions/arrangements with brokers relating to portfolios of the underlying fund that invest in equity securities, in respect of which certain goods and services used to support the investment decision making process were received. The soft commission arrangements were entered into on the basis that the execution of transactions on behalf of the underlying fund will be consistent with best execution standards and brokerage rates will not be in excess of customary institutional full-service brokerage rates. The goods and services received include specialist industry, company and consumer research, portfolio and market analysis and computer software used for the delivery of such services.

The nature of the goods and services received is such that the benefits provided under the arrangement must be those which assist in the provision of investment services to the underlying fund and may contribute to an improvement in the underlying fund's performance.

For the avoidance of doubt, such goods and services do not include travel, accommodations, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

**E) Financial Statements**

Refer to page 159.

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**HSBC Insurance Global Equity Portfolio Fund**

**FUND FACTS**

**Fund Objective**

The Fund aims to provide long term total return by investing in a portfolio of developed market equities.

Invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in or are listed on a Regulated Market in, developed markets such as OECD countries. The Underlying Sub-Fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

Underlying Sub-Fund

Fund Manager

Launch Date

CPFIS/SRS

CPFIS Risk

Classification

As at 31 Dec 2017

Offer Price

Bid Price

Fund Size

Units in Issue

HSBC Global Investment Funds – Economic Scale Global Equity Fund  
HSBC Global Asset Management (Singapore) Limited

18 Jan 2016

SRS

N.A.

S\$ 1.39482

S\$ 1.32508

S\$ 3.99 mil

3.01 mil

**Investment and Market Review ^**

In the 2H17 the global equity markets continued to make a solid gain amid easing geopolitical concerns, strong economic data releases and solid corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee (FOMC) raised the interests by 0.25% at its December meeting.

Over the interim period, the fund outperformed its market cap weighed index. While our asset allocation contributed to the performance largely in line with the benchmark, our stock selection contributed to performance.

On as sector basis, our underweight allocations to Health Care and Real Estate coupled with our overweight exposures to Consumer Discretionary and Industrials contributed to performance. Conversely, an underweight exposure to IT coupled with our overweight allocations to Telecommunication Services and Utilities weighed on performance.

On a country basis, our overweight allocations to Japan and Netherlands coupled with an underweight exposure to Switzerland contributed to performance. Conversely, an overweight allocation to US coupled with our overweight exposures to France, Germany and Spain weighed on performance.

At the stock level, overweighting Wal-Mart Stores Inc. (Consumer Staples, USA), Volkswagen AG (Consumer Discretionary, Germany) and Fiat Chrysler Automobiles (Consumer Discretionary, UK) yielded the most positive contributions. Conversely, underweighting Apple Inc. (Information Technology, USA) and Amazon.com Inc. (Consumer Discretionary, USA) coupled with overweighting General Electric Co. (Industrials, USA) weighed on performance.

**Market Outlook and Investment Strategy ^**

There is no change in terms of portfolio construction. The HSBC Economic Scale Equity Strategy is designed to give investors exposure to the equity risk premium while harnessing systematic rebalancing to deliver an excess return, over traditional market-cap weighted indices.

Global economic growth momentum remains solid, driving global equity markets to deliver positive returns over the long term. Episodic volatility may be triggered by concerns surrounding Chinese growth, US economic policy, and/or a potentially more rapid than expected Fed or ECB tightening cycle, coupled with political risks.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Portfolio Fund	4.03	7.20	12.12	N.A.	N.A.	N.A.	32.51
Benchmark*	3.90	7.78	13.15	N.A.	N.A.	N.A.	36.62

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Portfolio Fund	N.A.	N.A.	N.A.	16.21
Benchmark*	N.A.	N.A.	N.A.	17.73

\*Benchmark Details:

Inception to October 2017 - HSBC Economic Scale Index World

From October 2017 onwards - MSCI World Net

<sup>^</sup>Inception Date: 02 Feb 2016

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds - Economic Scale Global Equity Fund	100.00	3.99
<b>Total</b>	<b>100.00</b>	<b>3.99</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,841,226
Redemption	18,762

**C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Economic Scale Global Equity Fund)**

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United States	45.25	104.42
Japan	12.78	29.50
United Kingdom	8.09	18.67
Germany	6.68	15.41
France	6.62	15.27
Canada	2.61	6.02
Switzerland	2.37	5.46
Spain	2.18	5.02
Others*	12.29	28.39
Cash	1.13	2.61
<b>Total</b>	<b>100.00</b>	<b>230.77</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
<b>Industry</b>		
Industrials	17.13	39.53
Financials	16.68	38.50
Consumer Discretionary	15.24	35.18
Consumer Staples	9.76	22.53
Information Technology	8.91	20.56
Health Care	7.57	17.48
Energy	6.58	15.18
Materials	5.73	13.22
Telecommunication Services	5.62	12.96
Utilities	3.99	9.20
Real Estate	1.66	3.82
Cash	1.13	2.61
<b>Total</b>	<b>100.00</b>	<b>230.77</b>

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
N.A.		

<b>IV Top Ten Holdings of Underlying Sub- Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Wal-Mart Stores Inc	1.82	4.19
General Electric Co	1.10	2.54
AT&T Inc	0.91	2.11
Exxon Mobil Corp	0.82	1.90
Volkswagen AG	0.81	1.86
Royal Dutch Shell PLC	0.78	1.81
Wells Fargo & Co	0.73	1.68
Apple Inc	0.68	1.56
JP Morgan Chase & Co	0.67	1.54
Bank of America Corp	0.59	1.37

<b>Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Wal-Mart Stores Inc	1.91	4.27
General Electric Co	1.07	2.40
Exxon Mobil Corp	1.03	2.31
AT&T Inc	0.91	2.04
Royal Dutch Shell Plc	0.85	1.91
Volkswagen AG	0.81	1.82
Verizon Communications Inc	0.74	1.66
Nippon Telegraph & Telephone	0.70	1.57
JPMorgan Chase & Co	0.68	1.52
Wells Fargo & Co	0.62	1.39

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>	
% of NAV		0.88%
Market value (S\$)		2,034,078
Realised Gains / (Losses) (S\$)		171,290
Unrealised Gains / (Losses) (S\$)		23,885

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>	
N.A.		

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Global Equity Portfolio Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	0.98%	0.98%	0.95%	0.95%
Turnover Ratio	0.39%	0.94%	As at 31-Dec-17 48.46%	As at 31-Dec-16 0.33%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds - Economic Scale Global Equity Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds - Economic Scale Global Equity Fund for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance Global Equity Portfolio Fund S\$3.99 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds - Economic Scale Global Equity Fund, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$4,506.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

**E) Financial Statements**

Refer to page 159.

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**HSBC Insurance Global Equity Volatility Focused Fund**

**FUND FACTS**

**Fund Objective**

HSBC Insurance Global Equity Volatility Focused Fund aims to provide long term total return by investing in a portfolio of equities worldwide. The Fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies domiciled or operating in both developed markets, such as OECD countries, and Emerging Markets. It may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs"). Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the HSBC Global Investment – Global Equity Volatility Focused.

Underlying Sub-Fund	HSBC Global Investment Funds – Global Equity Volatility Focused Fund
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.27721
Bid Price	S\$ 1.21335
Fund Size	S\$ 8.17 mil
Units in Issue	6.73 mil

**Investment and Market Review ^**

In the 2H17 the global equity markets continued to make solid gains amid easing geopolitical concerns, strong economic data releases and corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee raised the fed funds target range by 25bp at its December meeting.

The fund delivered solid absolute returns during the period. However sector and country allocation is residual to the stock selection process and was negative. Underweight positions in IT, Materials and the US were the largest detractors, whilst an overweight position in HK and underweight Utilities contributed.

At stock level, the main detractors included Everest Re, which fell along with other re-insurers in the wake of Harvey and Irma Hurricanes. Negative momentum continued following the company's announcement of Q3 losses driven by the effects of the various catastrophes in the quarter. Additionally, Centrica came under pressure following both a profit warning and the decision to implement a price cap in the energy supply market.

Contributors to relative performance included Rockwell Collins, which rose sharply following press reports of an acquisition offer from United Technologies. Furthermore, Home Depot advanced after reporting positive results which showed an increase in sales versus the previous year, fueled by a combination of a strong US housing market, pick-up in housing formation and market share gains. The company also benefited from US tax cuts, which will likely stimulate consumer spending further.

**Market Outlook and Investment Strategy ^**

Global economic growth momentum remains solid, driving global equity markets to deliver positive returns over the long term. Overall, support from still loose accommodative monetary policy and an increased willingness for looser fiscal policy will, in the medium and longer term, likely outweigh any headwinds from more modest Chinese growth, tighter US and Eurozone monetary policy, and political uncertainty in many regions. While volatility appears benign, investors should not be complacent. Episodic volatility may be triggered by concerns surrounding Chinese growth, uncertainty around US economic policy, and/or a potentially more rapid than expected Fed tightening cycle, coupled with political risks. A notable and persistent deterioration of the global economic outlook could also dampen our view.

Your equity portfolio aims to deliver diversified global equity exposure with lower volatility. Lower volatility can offer a smoother performance pattern that can help investors stay invested and capture long-term returns. The portfolio aims to invest in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. These stocks are combined with an aim to deliver a portfolio with lower volatility.

^ Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth (%)	6-Mth (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Global Equity Volatility Focused Fund	4.56	6.13	14.24	N.A.	N.A.	N.A.	21.34

### II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Global Equity Volatility Focused Fund *	N.A.	N.A.	N.A.	10.63

\*This fund has no benchmark.

^Inception Date: 01 Feb 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Global Equity Volatility Focused	100.24	8.19
Other liabilities	(0.24)	(0.02)
<b>Total</b>	<b>100.00</b>	<b>8.17</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	8,214,972
Redemption	280,038

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Global Equity Volatility Focused)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United States	41.35	94.63
United Kingdom	13.11	30.01
Japan	12.66	28.97
China	4.93	11.28
France	4.57	10.45
Germany	4.51	10.31
Switzerland	2.92	6.68
Italy	2.53	5.79
Others*	10.34	23.68
Cash	3.08	7.05
<b>Total</b>	<b>100.00</b>	<b>228.85</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
<b>Industry</b>		
Financials	21.38	49.00
Information Technology	17.34	39.68
Industrials	13.73	31.41
Health Care	10.40	23.79
Consumer Discretionary	10.29	23.54
Consumer Staples	10.09	23.09
Energy	5.49	12.56
Materials	3.29	7.52
Telecommunication Services	2.74	6.26
Utilities	1.72	3.93
Real Estate	0.45	1.02
Cash	3.08	7.05
<b>Total</b>	<b>100.00</b>	<b>228.85</b>

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
N.A.		

<b>IV Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Home Depot Inc	2.35	5.36
Compass Group PLC	2.25	5.14
Mitsubishi UFJ Financial Grp Inc	2.18	4.98
Apple Inc	2.16	4.95
Kao Corp	2.15	4.93
Johnson & Johnson	2.15	4.93
Bank of America Corp	2.15	4.92
3M Co	2.14	4.90
Cisco Systems Inc	2.12	4.85
Phillips 66	2.06	4.72

<b>Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
JPMorgan Chase & Co	2.77	9.07
Travelers Cos Inc	2.40	7.85
Illinois Tool Works	2.37	7.75
Quintiles	2.35	7.69
Exxon Mobil Corp	2.30	7.52
Compass Group Plc	2.26	7.39
SAP Se	2.26	7.39
Autozone Inc	2.16	7.07
Omnicom Group	2.12	6.93
Bae Systems Plc	2.10	6.87

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>	
% of NAV		3.04%
Market value (S\$)		342,752.80
Realised Gains / (Losses) (S\$)		3,797.05
Unrealised Gains / (Losses) (S\$)		471.91

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>	
N.A.		

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Global Equity Volatility Focused Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
			As at 31-Dec-17	As at 31-Dec-16
Expense Ratio	1.88%	1.92%	1.90%	1.90%
Turnover Ratio	27.90%	24.85%	54.02%	0.43%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global Equity Volatility Focused for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds Global Equity Volatility Focused for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance Global Equity Volatility Focused Fund invests S\$8.19 million, equivalent to 100.24% of its net asset value in HSBC Global Investment Funds – Global Equity Volatility Focused, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$5,947.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 159.

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**HSBC Insurance Global High Income Bond Fund**

**FUND FACTS**

**Fund Objective**

HSBC Insurance Global High Income Bond Fund invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies. This may include Investment Grade bonds, high yield bonds and Asian and Emerging Markets debt instruments. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the HSBC Global Investment Funds – Global High Income Bond Hedge Fund.

Underlying Sub-Fund	HSBC Global Investment Funds – Global High Income Bond Hedge Fund
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	S\$ 1.19867
Bid Price	S\$ 1.13874
Fund Size	S\$ 1.48 mil
Units in Issue	1.30 mil

**Investment and Market Review ^**

Global risk assets continued to rally in the 2H17 driven by a continued favorable global growth scenario, the passing of US tax reform as well as continued strong economic data. Credit saw some dispersion in spreads by region and credit quality but overall global spreads tightened supported by a continued favorable environment for credit. The UST curve flattened further with the 2 year rising 50 basis point (bps) to 1.88%, the 10 year rising 11 bps to 2.41% while the 30 year fell 9 bps to 2.74%. Oil continued to rally over the month with Brent Crude moving from \$63.57 to \$66.87 p/barrel as Organization of the Petroleum Exporting Countries (OPEC) members agreed on extending supply cuts through 2018.

The strategy slightly under performed the reference benchmark over the period. Regional allocations weighed on relative performance with underweights to Europe and EM which were the two best performing regions and overweights to US HY and ABS which underperformed. Credit selection was positive for performance as all sleeves outperformed their reference benchmarks during the period.

**Market Outlook and Investment Strategy ^**

Regionally, the strategy is overweight the US at the expense of EUR and EM. Within USD bonds, the strategy is overweight the US BB sleeve and slightly underweight the US BBB sleeve. The strategy also has an off-benchmark position in ABS of 11.5%. In anticipation of a further rise in yields, we have maintained an overall underweight to duration relative to the benchmark which is currently 0.3 years. The main sector overweight is to financials predominantly through the USD BBB and EUR bonds where we still see value given their relatively strong fundamentals vs other sectors. The strategy is also overweight energy, mainly in USD and EM bonds. The main sector underweight is to communication taken through USD and EUR bonds where we remain cautious on tight valuations and event risk from potential M&A activity.

The current macro environment remains supportive for credit and the continued expectation of global growth in 2018 should allow credit metrics to improve further. Despite weaker balance sheets across some sectors, globally, credit fundamentals have been stabilizing and default rates are low. Most corporate markets are moderately expensive but modest global growth has been supportive for current spread levels. Globally, corporate spreads are compressed and likely to remain so for the foreseeable future. US investment grade and high yield spreads may be more volatile given fuller valuations. In Europe, we expect investment grade spreads to be relatively stable while high yield yields look more stretched in a global context.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception^
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global High Income Bond Fund	0.51	1.86	5.50	N.A.	N.A.	N.A.	13.87

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Global High Income Bond Fund*	N.A.	N.A.	N.A.	6.95

\*This fund has no benchmark.

^Inception Date: 25 Jan 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Global High Income Bond	100.00	1.48
<b>Total</b>	<b>100.00</b>	<b>1.48</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,001,698
Redemption	9,969

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Global High Income Bond)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United States	35.19	1,071.11
France	4.46	135.81
United Kingdom	4.13	125.74
China	3.75	114.13
Germany	3.30	100.44
Cayman Islands	3.00	91.19
Italy	2.84	86.49
Brazil	2.82	85.70
Others*	38.21	1,163.21
Cash	2.30	70.13
<b>Total</b>	<b>100.00</b>	<b>3,043.95</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Financial Institutions	23.68	720.87
Sovereign	11.65	354.76
Agencies	10.16	309.24
Communications	7.63	232.18
Energy	7.25	220.73
Basic Industry	6.33	192.65
Consumer Cyclical	6.14	186.86
CMBS	5.02	152.91
ABS	4.86	148.03
Consumer Non-cyclical	4.65	141.46
Others*	10.33	314.13
Cash	2.30	70.13
<b>Total</b>	<b>100.00</b>	<b>3,043.95</b>

\*Includes other industries

### III Allocation of Debt Securities by Credit Ratings

Rating	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
AAA	0.67	19.84
AA	1.07	32.59
A	10.32	314.24
BBB	39.08	1,189.67
BB	27.99	851.96
B	12.23	372.42
CCC	0.22	6.62
CC	0.01	0.43
D	0.20	6.21
Unrated	5.91	179.84
Cash	2.30	70.13
<b>Total</b>	<b>100.00</b>	<b>3,043.95</b>

### IV Top Ten Holdings of Underlying Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Ineos Group Holdings SA 5.375 8/1/2024	0.43	13.34
Argentina (Republic of) 6.875 4/22/2021	0.42	12.65
Republic of Indonesia 4.125 1/15/2025	0.41	12.52
Turkey (Republic of) 4.875 10/9/2026	0.38	11.63
ENte Nazionale Per L'energi 5.000 1/15/2020	0.36	10.92
SNAM Spa 1.250 1/25/2025	0.36	10.87
Unicredito Italiano Spa 2.125 10/24/2026	0.35	10.72
Colombia (Republic of) 3.875 4/25/2027	0.35	10.54
ABN Amro Bank nv 7.125 7/6/2022	0.35	10.54
Italgas Spa 1.125 3/14/2024	0.34	10.31

### Top Ten Holdings of Underlying Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Brazil (Fed Rep of)-Global 4.875% 22/01/21	0.59	24.75
US Treasury Notes 1.5% 15/08/26	0.51	21.53
Deutsche Telekom Int Fin 2.485% 19/09/23	0.49	20.69
Colombia (Rep of)-Global 4.375 12/07/21	0.42	17.89
Petrobras Intl Finance 5.375% 27/01/21	0.39	16.59
Siemens 2% 15/09/23	0.39	16.43
Hungary Republic of - Global 6.25% 29/01/20	0.37	15.82
Republic of Indonesia 4.875% 05/05/21	0.36	15.32
United Mexican States 3.6% 30/01/25	0.35	14.74
Danone (Groupe) 2.947% 02/11/26	0.34	14.44

### V Exposure to Derivatives

	As at 31 Dec 2017
% of NAV	4.22%
Market value (S\$)	128,310,294
Realised Gains / (Losses) (S\$)	(1,761,397)
Unrealised Gains / (Losses) (S\$)	(479,971)

### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
Use of borrowing in % of Fund Total Net Asset	(0.20%)

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Global High Income Bond Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.57%	1.58%	1.55%	1.56%
Turnover Ratio	1.85%	245.74%	65.34%	0.38%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global High Income Bond for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds – Global High Income Bond for the financial year ended 30 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance Global High Income Bond Fund invests S\$1.48 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Global High Income Bond, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$2,511.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 160.

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## HSBC Insurance Global Multi-Asset Fund

### Fund Objective

HSBC Insurance Global Multi-Asset aims to provide a fixed income distribution of 5% per annum and capital growth over a market cycle by investing in a diversified range of assets and market worldwide. The Sub-fund aims to provide a volatility (a measure of how much the Sub-Fund's returns may vary over a year) of between 5-7% per annum.

### Investment and Market Review ^

Macroeconomic data remained broadly supportive and against that backdrop global equities made further progress, although regional disparity was higher than in recent months. The US was boosted by optimism over proposed tax reforms, while Europe was impacted by a strong euro and political uncertainty in Germany after talks over a new coalition collapsed. Later in the month, we started to see a rotation out of growth stocks into high yielding, value and quality stocks. We believe this rotation is likely to continue due to potential fiscal stimulus in the US, broader sector participation in accelerating global growth, and extreme valuations. Government bond markets had a particularly quiet month, with yields modestly drifting up and down, but broadly finishing unchanged. Meanwhile, US dollar weakness benefited EM local currency bonds. The fund's yield to maturity as at the end of October was 4.3%2, while the projected yield for the next 12 months was 4.8%.

### Market Outlook and Investment Strategy ^

The portfolio remains positioned with a preference for equities, reflecting the supportive cyclical and earnings backdrop. In fixed income, we continued with our strategy of increasing credit quality and reducing duration as we come to the end of the rate-cutting cycle in EM countries, and as rates start to rise in the US.

The global economy is experiencing its most coordinated upswing since the global financial crisis. This supports our view on equities relative to fixed income. Nevertheless, the economic cycle is entering its later stages and we expect to become progressively more cautious in 2018.

^ Source: Schroder Investment Management (Singapore) Ltd

## FUND FACTS

Underlying Sub-Fund	Schroder International Selection Fund – Global Multi-Asset Income
Fund Manager	Schroder Investment Management (Singapore) Ltd
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.16571
Bid Price	S\$ 1.10742
Fund Size	S\$ 0.51 mil
Units in Issue	0.46 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Multi-Asset Fund	1.81	2.18	5.13	N.A.	N.A.	N.A.	10.74

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Multi-Asset Fund*	N.A.	N.A.	N.A.	5.90

\*This fund has no benchmark.

<sup>^</sup>Inception Date: 21 Mar 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017		
	% of NAV	MV	S\$ mil
Schroder International Selection Fund - Global Multi-Asset Income	100.00		0.51
<b>Total</b>	<b>100.00</b>		<b>0.51</b>

<b>II Fund Movement</b>	<b>(01 Jul 2017 - 31 Dec 2017)</b>
	<b>S\$</b>
Subscription	354,145
Redemption	31,173

**C) Underlying Sub-Fund Disclosure (Schroder International Selection Fund - Global Multi-Asset Income)**

<b>I Allocation by Country</b>	<b>As at 31 Dec 2017</b>	
<b>Country</b>	<b>% of NAV</b>	<b>MV S\$ mil</b>
North America	37.54	2,396.91
Emerging Markets	29.61	1,890.59
UK	8.23	525.48
Europe	8.15	520.37
Asia Pacific ex-Japan	3.62	231.14
Japan	2.73	174.31
Others*	10.12	646.15
<b>Total</b>	<b>100.00</b>	<b>6,384.95</b>

\*Includes other countries.

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
<b>Industry</b>	<b>% of NAV</b>	<b>MV S\$ mil</b>
Government	12.26	782.80
Diversified Financials	12.04	768.75
Consumer Discretionary	8.30	529.95
Information Technology	6.08	388.21
Telecommunication Services	5.94	379.27
Health Care	5.80	370.33
Consumer Staples	5.74	366.50
Energy	5.29	337.76
Real Estate	4.77	304.56
Industrials	4.19	267.53
Other*	24.02	1,533.65
Cash	5.57	355.64
<b>Total</b>	<b>100.00</b>	<b>6,384.95</b>

\*Includes other industries

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
<b>Rating</b>	<b>% of NAV</b>	<b>MV S\$ mil</b>
(For Debt securities portfolio only)		
AAA / Aaa	0.19	12.13
AA+ / Aa1	2.00	127.70
AA / Aa2	0.94	60.02
AA- / Aa3	0.18	11.49
A+ / A1	1.97	125.78
A / A2	1.33	84.92
A- / A3	3.59	229.22
BBB+ / Baa1	3.35	213.90
BBB / Baa2	4.08	260.51
BBB- / Baa3	6.99	446.31
BB+ / Ba1	3.71	236.88
BB / Ba2	5.53	353.09
BB- / Ba3	4.02	256.68
Unrated	2.34	149.41
Others*	10.74	685.73
<b>Total</b>	<b>50.96</b>	<b>3,253.77</b>

\*Includes lower rated debt securities

#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Federative Republic Of Brazil 10% 01/01/2023	0.76	48.54
Microsoft Corporation	0.58	37.03
JPMorgan Chase & Co	0.54	34.48
GCP Infrastructure Investments	0.50	31.92
Wells Fargo & Co	0.50	31.92
Berkshire Hathaway	0.50	31.92
Starwood European Real Estate Finance Limited	0.49	31.29
3i Infrastructure	0.47	30.01
Apple Inc	0.45	28.73
Johnson & Johnson	0.45	28.73

#### Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Schroder Utl Advanced Beta Global Equity Value Fund X Acc	1.46	92.24
iShares Edge MSCI World Value Factor UCITS ETF USD	1.40	88.45
Us Treasury 2.375% 31/12/2020	0.65	41.07
Us Treasury 2% 15/11/2021	0.60	37.91
Us Treasury Note 0.75% 31/10/2018	0.59	37.28
Us Treasury 1.625% 15/11/2022	0.59	37.28
Us Treasury 1.375% 30/09/2018	0.58	36.64
Us Treasury 2.125% 15/08/2021	0.57	36.01
Us Treasury 1.75% 30/09/2019	0.57	36.01
Schroder ISF Emerging Multi-Asset Income I Dis	0.56	35.38

#### V Exposure to Derivatives

	As at 31 Dec 2017
% of NAV	0.42%
Market value (S\$)	26,768,520
Realised Gains / (Losses) (S\$)	(11,169,309)
Unrealised Gains / (Losses) (S\$)	26,768,520

#### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
N.A.	

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance Global Multi-Asset Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.57%	1.57%	1.54%	1.55%
Turnover Ratio	9.89%	217.34%	105.56%	109.91%

\*Based on unaudited figures as at 30 Sep 2017 as the expense ratios of Schroder International Selection Fund - Global Multi-Asset Income for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Schroder International Selection Fund - Global Multi-Asset Income for the financial year ended 31 Dec 2016 is not available.

#### II Related-Party Transactions

N.A.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### IV Soft Dollar Commission Arrangement

Each Investment Manager may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the relevant Sub-Fund, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the relevant Sub-Fund. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice.

**E) Financial Statements**

Refer to page 160.

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## HSBC Insurance India Equity Fund

### Fund Objective

HSBC Insurance India Equity Fund seeks long-term capital growth through a diversified portfolio of investments in equity and equity-equivalent securities of companies registered in, and/or with an official listing on a major stock exchange or other regulated market of India, as well as those with significant operations in India. Fund investments are made by way of a feeder fund through the HSBC Global Investment Funds - Indian Equity.

### Investment and Market Review <sup>^</sup>

The GIF Indian Equity Fund rose 10.55% over first six months ending December 31 2017 (in SGD terms), while its benchmark, the S&P IFCI/India Gross Index rose by 13.44% over the same period.

The period started strongly in July helped by strong flows, encouraging monsoons, expectation of a policy rate cut and upbeat sentiment aided by the landmark goods and service tax (GST) reform implementation. The GST roll-out, however, had a negative effect on consumer staples and healthcare caused by some complications and destocking effects for distributors of consumer and healthcare products. The size of the long awaited recapitalisation plan for Indian public sector banks surprised on the upside. The Government also unveiled a mega road construction project with the outlay pegged at USD59 bn. In November, Moody's announced India's rating (local and foreign currency issuer ratings) moved a notch higher to Baa2 with a stable outlook from Baa3 earlier. The performance of the market in December was surprisingly resilient given concerns over rising inflation and fiscal slippage brought on by lower than expected revenues from GST.

The fund underperformed the index mainly due to detracting stock selection in technology and consumer sectors. Stock selection was strong in industrials and materials.

### Market Outlook and Investment Strategy <sup>^</sup>

Our portfolio strategy remains broadly unchanged and is backed by our thesis that finally, albeit gradually, the Indian economy is on a cyclical upturn path. The recovery process is gathering steam and will get a big boost from falling interest rates, the benefits of which are yet to percolate through the economy. The government's actions have been supportive and decisive, though not always implemented as expected and we have tried to build this into our base case analysis. We continue to remain overweight consumer discretionary names that will benefit from falling interest rates and improving urban incomes. In financials, we favour private banks with exposure to the infrastructure sector and select well-capitalised public sector banks. We are also exposed to housing finance companies which are likely beneficiaries of this year's budget focus on affordable housing. We are also overweight industrials which we expect to slowly benefit from the pick-up in investment cycle.

<sup>^</sup> Source: HSBC Global Asset Management (HK) Limited

## FUND FACTS

Underlying Sub-Fund	HSBC Global Investment Funds - Indian Equity Fund
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	19 Apr 2004
CPFIS/SRS*	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 3.04214
Bid Price	S\$ 2.89003
Fund Size	S\$ 71.30 mil
Units in Issue	24.67 mil

\*Note: With effect from 1 Mar 2014, the Fund has been delisted from CPFIS.

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance India Equity Fund	11.04	10.55	32.27	24.88	53.14	(23.61)	204.21
Benchmark*	10.95	13.44	34.43	44.25	97.10	11.37	384.68

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception <sup>^</sup> (%)
HSBC Insurance India Equity Fund	7.69	8.90	(2.66)	8.50
Benchmark*	12.99	14.53	1.08	12.27

\*S&P/IFC Investible India Index (SGD)

<sup>^</sup>Inception Date: 14 May 2004

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Fund - Indian Equity Fund	100.01	71.31
Other assets	0.31	0.22
Other liabilities	(0.32)	(0.23)
<b>Total</b>	<b>100.00</b>	<b>71.30</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	5,127,767
Redemption	8,933,579

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Indian Equity Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
India	99.59	2,506.16
Cash	0.41	10.25
<b>Total</b>	<b>100.00</b>	<b>2,516.41</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Financials	33.61	845.59
Consumer Discretionary	17.18	432.21
Materials	12.94	325.70
Information Technology	9.52	239.66
Industrials	8.10	203.81
Energy	6.19	155.89
Consumer Staples	5.30	133.44
Health Care	2.97	74.66
Utilities	2.79	70.27
Real Estate	0.89	22.29
Telecommunication Services	0.10	2.64
Cash	0.41	10.25
<b>Total</b>	<b>100.00</b>	<b>2,516.41</b>

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

**IV Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Infosys Ltd	6.39	160.63
HDFC Bank Ltd	6.38	160.50
Maruti Suzuki India Ltd	5.57	140.23
ICICI Bank Ltd	5.32	133.99
Axis Bank Ltd	4.71	118.51
Housing Development Finance Corp	3.92	98.65
ITC Ltd	3.79	95.49
Vedanta Ltd	3.62	91.10
Grasim Industries Ltd	3.51	88.32
Tata Motors Ltd	3.42	85.97

**Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Infosys Ltd	6.79	160.71
ICICI Bank Ltd	5.32	125.91
Maruti Suzuki India Ltd	5.04	119.28
ITC Ltd	4.80	113.60
AXIS Bank Limited	4.44	105.08
TATA Motors Ltd	4.17	98.69
HCL Technologies Ltd	4.17	98.69
HDFS Bank Limited	4.10	97.03
Housing Development Finance	3.50	82.83
LIC Housing Finance Ltd	3.41	80.70

**V Exposure to Derivatives**

N.A.

**As at 31 Dec 2017**

**VI Borrowings of Net Asset Value**

N.A.

**As at 31 Dec 2017**

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance India Equity Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	1.93%	1.92%	1.90%	1.90%
Turnover Ratio	4.85%	11.58%	17.77%	0.92%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Fund - Indian Equity Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds - Indian Equity Fund for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance India Equity Fund invests S\$71.31 million, equivalent to 100.01% of its net asset value in HSBC Global Investment Fund - Indian Equity Fund, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$173,382.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

#### **IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the Company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

#### **E) Financial Statements**

Refer to page 160.

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or visit our web site at [www.insurance.hsbc.com.sg](http://www.insurance.hsbc.com.sg).**

## HSBC Insurance Pacific Equity Fund

### Fund Objective

HSBC Insurance Pacific Equity Fund aims to provide holders with medium to long-term capital growth from a diversified portfolio of Asian-Pacific equities excluding Japanese equities. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the Aberdeen Select Portfolio – Aberdeen Pacific Equity Fund.

### Investment and Market Review ^

Asian equities rose by more than 11% over the review period, despite the occasional wobbles caused by geopolitical uncertainty. A synchronised worldwide economic recovery, resurgent earnings and subdued inflation buoyed markets. Global financial conditions also proved supportive, with the Fed raising rates gradually and continued QE in Europe and Japan.

Our underweight to China detracted from performance as mainland markets outpaced the region on a stabilising economy, and a sharp rally in internet stocks. Our underweight in Tencent also hurt performance. Its shares surged 40%, as it continued to deliver solid results. While we have been increasing our exposure to Tencent, it remains an underweight position relative to the benchmark.

In HK, Jardine Strategic remained under pressure from concerns over heightened competition in its automotive business in Indonesia, while Swire Pacific continued to be weak amid the restructuring of its airline business and cyclical challenges for its marine segment.

Conversely, the fund's positioning in Australia contributed significantly to performance. We benefited from being underweight the market, which posted lower returns as compared to most regional peers. From a stock perspective, we gained from not holding the big four local banks, which were buffeted by regulatory headwinds. The government recently announced a royal commission to review misconduct in the sector, which weighed on their share prices. Earlier in the year, the banks were hurt by uncertainty over potentially tougher capital requirements.

### Market Outlook and Investment Strategy ^

After a bumper year there is a sense that equity markets may be due for a pullback. Yet the current backdrop appears sustainable. The world economy is at its healthiest in years, with Asia expected to continue boosting global growth. Inflation is subdued. Global monetary policy remains loose even though some central banks are withdrawing stimulus. Policymakers are vigilant to the risks of tightening too quickly and are likely to take a gradual approach to minimise market disruption. Meanwhile, corporate earnings are on the rise, driven by improving sales and margins. Valuations appear reasonable in view of projected earnings growth. In terms of strategy, we remain focused on quality and value – paring our holdings on strength, adding to them on weakness or initiating new names with compelling valuations and intact long-term growth drivers.

^ Source: Aberdeen Asset Management Asia Limited

## FUND FACTS

Underlying Sub-Fund	Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund		
Fund Manager	Aberdeen Asset Management Asia Limited		
Launch Date	01 Apr 2010		
CPFIS/SRS	OA/SRS		
CPFIS Risk	Higher Risk – Narrowly		
Classification	Focused - Regional - Asia		
As at 31 Dec 2017			
Offer Price	S\$	1.49976	
Bid Price	S\$	1.42477	
Fund Size	S\$	174.21	mil
Units in Issue		122.27	mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Pacific Equity Fund	5.10	6.54	23.01	19.25	28.71	N.A.	49.98
Benchmark*	6.27	11.13	27.03	34.75	56.20	N.A.	60.20

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception <sup>^</sup> (%)
HSBC Insurance Pacific Equity Fund	6.05	5.18	N.A.	5.37
Benchmark*	10.45	9.33	N.A.	6.28

\*MSCI AC Asia Pacific ex Japan Index (in SGD)

<sup>^</sup>Inception Date: 06 Apr 2010

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund	100.00	174.21
<b>Total</b>	<b>100.00</b>	<b>174.21</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	17,085,597
Redemption	13,614,701

## C) Underlying Sub-Fund Disclosure (Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund)

### I Allocation by Country

	As at 30 Sep 2017†	
Country	% of NAV	MV S\$ mil
Singapore	15.80	236.29
China	13.57	202.90
Hong Kong	12.58	188.17
India	11.70	175.03
United Kingdom	9.20	137.62
South Korea	8.21	122.71
Taiwan	5.28	78.90
Indonesia	5.04	75.42
Others*	16.15	241.55
Cash	2.47	36.91
<b>Total</b>	<b>100.00</b>	<b>1,495.50</b>

\*Includes other countries

### II Allocation by Industry

	As at 30 Sep 2017†	
Industry	% of NAV	MV S\$ mil
Unit Trusts	30.98	463.26
Financials	20.76	310.40
Information Technology	11.83	176.95
Materials	7.93	118.59
Real Estate	7.85	117.44
Industrials	7.33	109.63
Telecommunication Services	4.94	73.89
Healthcare	2.11	31.55
Consumer Staples	1.75	26.11
Consumer Discretionary	1.72	25.78
Energy	0.33	4.99
Cash	2.47	36.91
<b>Total</b>	<b>100.00</b>	<b>1,495.50</b>

### III Allocation of Debt Securities by Credit Ratings

As at 30 Sep 2017†

N.A.

† Based on audited figures as at 30 Sep 2017 as the unaudited figures as at 31 Dec 2017 are not available

**IV Top Ten Holdings of Underlying Sub-Fund**

	As at 30 Sep 2017†	
	% of NAV	MV S\$ mil
Aberdeen Global – Indian Equity Fund <sup>^</sup>	8.30	124.11
Aberdeen Singapore Equity Fund	7.23	108.14
Aberdeen China Opportunities Fund	7.02	105.04
Samsung Electronics (Preference Shares)	4.59	68.60
Taiwan Semiconductor Manufacturing Company	3.84	57.44
Aberdeen Indonesia Equity Fund	3.37	50.43
Aberdeen Thailand Equity Fund	3.27	48.97
AIA Group	3.13	46.84
Jardine Strategic Holdings	2.87	42.88
Rio Tinto	2.51	37.61

**Top Ten Holdings of Underlying Sub-Fund**

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Aberdeen China Opportunities Fund	9.97	143.45
Aberdeen Singapore Equity Fund	9.40	135.16
Aberdeen Global – Indian Equity Fund <sup>^</sup>	9.02	129.64
Samsung Electronics (Preference Shares)	4.95	71.13
Aberdeen Indonesia Equity Fund	3.78	54.36
Taiwan Semiconductor Manufacturing Company	3.67	52.80
Jardine Strategic Holdings	3.64	52.28
AIA Group	3.39	48.73
Aberdeen Thailand Equity Fund	3.28	47.12
Rio Tinto	3.22	46.35

<sup>^</sup> The underlying fund is not authorized for public sale in Singapore

**V Exposure to Derivatives**

As at 30 Sep 2017†

N.A.

**VI Borrowings of Net Asset Value**

As at 30 Sep 2017†

N.A.

† Based on audited figures as at 30 Sep 2017 as the unaudited figures as at 31 Dec 2017 are not available

**D) Other Disclosure Items**

**I Expense/Turnover Ratios**

	HSBC Insurance Pacific Equity Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.66%	1.71%	1.67%	1.75%
Turnover Ratio	8.03%	7.00%	15.43%	9.73%

\*Based on audited figures as at 30 Sep 2017 as the expense and turnover ratios of Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund for the financial year ended 30 Sep 2017 are not available.

\*\*Based on audited figures as at 30 Sep 2016 as the expense and turnover ratios of Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund for the financial year ended 30 Sep 2016 are not available.

**II Related-Party Transactions**

Cash balances maintained with HSBC Bank as at 31 Dec 2017 amounts to S\$88,925.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 161.

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**HSBC Insurance Premium Balanced Fund**

**Fund Objective**

HSBC Insurance Premium Balanced Fund seeks to achieve long-term capital growth by investing in a diversified portfolio of securities. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the Deutsche Premier Select Trust.

**Investment and Market Review ^**

Equities showed a rather muted performance in the first months of the summer. Tensions on the Korean peninsula, but also the lack of progress regarding reforms in the US led to markets trending sideward.

As the focus of investors moved further towards macroeconomic data that showed a continuation of growth in most regions of the world, and company reports tended to surprise on the upside, equity markets worldwide rose significantly in the 4Q17.

Even though the central bank in the US continued on its path to higher short term rates and central banks in other regions, such as the ECB in Europe or the BOJ in Japan, kept an expansionary monetary policy in place, the US-Dollar weakened in the reporting period

Deutsche Premier Select Trust fared well in this environment and gained 4.9% in the six months from July 1st to December 31st 2017 after cost. The benchmark added 5.5% in the same period.

The equity investments were the main driver of performance, with the Global Equity Focus Fund adding 6.8% and the Singapore Equity Fund up 10.2%. The Asian Small/Mid-Cap Fund was up 8.7% underperforming its benchmark.

**Market Outlook and Investment Strategy ^**

We expect rates to rise slowly over the next months and central bank's policies becoming less accommodative given strong global economic growth, we therefore keep an overweight in equities.

In light of valuation levels reached a market correction becomes more likely though, flexibility in adapting the asset allocation will probably be the key in 2018.

^ Source: Deutsche Asset Management (Asia) Limited

**FUND FACTS**

Underlying Fund Deutsche Premier Select Trust  
Fund Manager Deutsche Asset Management (Asia) Limited

Launch Date 02 Jan 2001  
CPFIS/SRS\* SRS  
CPFIS Risk Classification N.A

As at 31 Dec 2017

Offer Price	S\$ 1.75751
Bid Price	S\$ 1.66963
Fund Size	S\$ 121.88 mil
Units in Issue	73.00 mil

\*Note: With effect from 27 Mar 2017, the Fund has been delisted from CPFIS

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Premium Balanced Fund	3.36	4.79	11.31	13.16	30.54	20.30	75.75
Benchmark*	3.78	5.53	11.86	15.63	35.40	34.84	97.77

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Premium Balanced Fund	4.21	5.47	1.87	3.39
Benchmark*	4.96	6.25	3.03	4.12

\*30% MSCI Singapore + 30% MSCI World+ 40% 3-month SIBOR

^Inception Date: 13 Feb 2001

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Deutsche Premier Select Trust	100.03	121.92
Other assets	0.12	0.15
Other liabilities	(0.16)	(0.19)
<b>Total</b>	<b>100.00</b>	<b>121.88</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	3,565,354
Redemption	5,798,784

## C) Underlying Fund Disclosure (Deutsche Premier Select Trust)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Singapore	60.38	111.84
Luxembourg	36.11	66.88
United States of America	2.42	4.49
Other net assets	1.09	2.01
<b>Total</b>	<b>100.00</b>	<b>185.22</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Unit Trusts/Mutual Funds	98.91	183.21
Other net assets	1.09	2.01
<b>Total</b>	<b>100.00</b>	<b>185.22</b>

### III Allocation of Debt Securities by Credit Ratings

N.A.

As at 31 Dec 2017

### IV Top Ten Holdings of Underlying Fund^

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Deutsche Lion Bond Fund Class M	34.96	64.76
DWS Global Equity Focus Fund	29.87	55.33
Deutsche Singapore Equity Fund Class M	25.42	47.09
Deutsche Invest I Asian Small/Mid Cap - Class USD LC	6.24	11.55
SPDR Gold Trust	2.42	4.49

### Top Ten Holdings of Underlying Fund^

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Deutsche Lion Bond Fund Class M	35.40	64.04
Deutsche Global Equity Focus Fund	30.02	54.31
Deutsche Singapore Equity Fund Class M	21.69	39.24
Deutsche Asian Small/Mid Cap Fund Class A	7.37	13.33
SPDR Gold Trust	2.71	4.91
iShares iBoxx \$ High Yield Corporate Bond ETF	1.06	1.92

^Less than Ten Holdings in the Underlying Fund.

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	-
Market value (S\$)	-
Realised Gains / (Losses) (S\$)	(12,106)
Unrealised Gains / (Losses) (S\$)	-

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
N.A.	

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Premium Balanced Fund</b>		<b>Underlying Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	1.59%	1.54%	1.37%	1.44%
			<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>
Turnover Ratio	2.76%	6.70%	8.20%	5.73%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Deutsche Premier Select Trust for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Deutsche Premier Select Trust for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

Soft dollar commissions are benefits accorded to manager by their brokers, usually in the form of research, advisory, analysis and data services, computer hardware or software used for and/or in support of the investment process.

The manager's policy on soft dollar commissions is as follows:

- the goods and services received would assist in the provision of investment services and advices or related services to the unit trust;
- transactions are executed on the best available terms; and
- the manager does not engage in unnecessary trades in order to qualify for soft dollar commissions.

Soft dollar commissions were received from the manager's panel of soft dollar brokers which executed transactions for the unit trust and other funds managed by the managers.

**E) Financial Statements**

Refer to page 161.

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## HSBC Insurance Singapore Bond Fund

### Fund Objective

HSBC Insurance Singapore Bond Fund seeks to achieve attractive returns by investing in Single A and above quality investment grade bonds of Singapore and major bond markets such as the G7 countries, Australia, New Zealand, Hong Kong and South Korea. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the Deutsche Lion Bond Fund.

### Investment and Market Review ^

The review period saw general optimism in the financial markets prevail as investors took comfort in the most synchronized global economic growth since the immediate aftermath of the last recession.

The S&P Index continued to rally, up +10.3% in the 2H17 and ending the period at a record monthly close of 2,674. Hopes for pro-business reforms materialized as Trump successfully signed the tax reform package into law, claiming a major legislative victory. 10-year UST yield rose as markets began progressively pricing in further normalisation of interest rates by the Fed. 10-year UST yield increased 11bps to end the period at 2.41%.

Despite Trump's progress in pushing through tax reform, the dollar generally weakened, driving many Asian currencies higher against the USD. China concluded its much anticipated 19th Party Congress, in which it reiterated its current gradual approach to financial deleveraging and structural reform amid a stabilizing economy. China's GDP grew at a slower rate but still exceeded expectations, managing to strike a good policy balance. Singapore's economic recovery continued to gather pace as an export rally lifted demand for Singapore's shipments, supported by strong global demand. However, pockets of weakness remained in domestic sectors.

### Market Outlook and Investment Strategy ^

The Fund's cautious positioning in duration remained unchanged on expectation of further normalization of interest rates. We expect interest rates to remain volatile as investors become more aware of the Fed's willingness in removing excess liquidity. We would continue to opportunistically add high quality credits to the portfolio for yield enhancement.

^ Source: Deutsche Asset Management (Asia) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Singapore Bond Fund	0.31	0.61	2.07	5.59	8.71	25.09	41.50
Benchmark*	0.29	0.57	1.14	2.95	3.63	7.62	18.56

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Singapore Bond Fund	1.83	1.68	2.26	2.25
Benchmark*	0.97	0.72	0.74	1.10

\*6-month Singapore Inter-bank Offer Rate (SIBOR) minus 12.5 basis points

<sup>^</sup>Inception Date: 04 Jun 2002

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Deutsche Lion Bond Fund	100.03	37.12
Other assets	0.40	0.15
Other liabilities	(0.43)	(0.16)
<b>Total</b>	<b>100.00</b>	<b>37.11</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	3,425,980
Redemption	5,424,800

**C) Underlying Fund Disclosure (Deutsche Lion Bond Fund)**

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Singapore	39.92	99.36
South Korea	13.00	32.37
Cayman Islands	8.39	20.89
Malaysia	7.74	19.27
China	6.48	16.14
Japan	6.04	15.04
British Virgin Islands	4.54	11.29
France	2.52	6.27
Indonesia	2.15	5.34
Others*	9.22	22.95
<b>Total</b>	<b>100.00</b>	<b>248.92</b>

\*Includes other countries and net assets

**II Allocation by Industry**

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Banks	24.41	60.77
Real Estate	19.68	48.99
Government	13.73	34.17
Finance	6.56	16.34
Food & Beverage	3.62	9.01
Airlines	3.25	8.10
Internet Service	3.24	8.06
Transport	2.74	6.82
Investment	2.43	6.05
City Gas	2.24	5.57
Education	2.11	5.26
Others*	15.99	39.78
<b>Total</b>	<b>100.00</b>	<b>248.92</b>

\*Includes other industries and net assets

III Allocation of Debt Securities by Credit Ratings Rating	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
AAA	1.63	4.06
Aaa	2.76	6.88
AA	3.80	9.46
Aa2	9.54	23.74
AA-	1.11	2.76
Aa3	2.82	7.03
A+	4.77	11.87
A1	17.81	44.34
A2	5.37	13.37
A-	4.12	10.25
A3	12.84	31.95
Unrated	28.65	71.32
Accrued interest receivable on quoted bonds	0.65	1.61
Other net assets	4.13	10.28
<b>Total</b>	<b>100.00</b>	<b>248.92</b>

IV Top Ten Holdings of Underlying Fund	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
CCT MTN Pte Limited Series EMTN 2.96% 13/08/2021	3.21	7.99
Republic of Singapore 0.5% 01/04/2018	3.21	7.98
Sun Hung Kai Properties Capital Market Limited MTN 3.25% 20/05/2021	3.12	7.76
UOL Treasury Services Series MTN 2.5% 20/04/2018	3.12	7.76
Korea Development Bank Series GMTN 2.05% 23/07/2018	2.91	7.25
BNP Paribas Series EMTN 3.65% 09/09/2024	2.52	6.27
Petronas Capital Limited 5.25% 12/08/2019	2.24	5.57
Ascendas Real Estate Investment Trust Series MTN 2.5% 16/05/2019	2.23	5.54
Mizuho Bank Limited EMTN 2.455% 14/11/2019	2.02	5.04
Export-Import Bank of Korea Series EMTN 2.04% 24/07/2018	2.01	5.00

Top Ten Holdings of Underlying Fund	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
United Overseas Bank Limited Series EMTN Var 11/07/2022	5.92	13.81
DBS Bank Limited Singapore Series MTN Var 21/02/2022	4.09	9.51
Sun Hung Kai Properties Capital Market Limited MTN 3.25% 20/05/2021	3.34	7.77
UOL Treasury Services Series MTN 2.5% 20/04/2018	3.33	7.75
Singapore Bus Services MTN 1.8% 12/09/2017	3.01	7.00
Bank of Communications HK EMTN 2.1% 24/07/2017	2.90	6.76
Petronas Capital Limited 5.25% 12/08/2019	2.66	6.18
Singapore Management University MTN 3.155% 07/03/2024	2.62	6.09
FCL Treasury Pte Limited 3.7% 05/04/2019	2.61	6.07
CCT MTN Pte Limited Series EMTN 2.96% 13/08/2021	2.56	5.96

V Exposure to Derivatives	As at 31 Dec 2017
% of NAV	24.20%
Market value (S\$)	60,160,000
Realised Gains / (Losses) (S\$)	2,703,262
Unrealised Gains / (Losses) (S\$)	772,645

VI Borrowings of Net Asset Value	As at 31 Dec 2017
N.A.	

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance Singapore Bond Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	0.71%	0.74%	0.67%	0.70%
Turnover Ratio	5.30%	12.87%	46.49%	19.70%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Deutsche Lion Bond Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Deutsche Lion Bond Fund for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

Soft dollar commissions are benefits accorded to manager by their brokers, usually in the form of research, advisory, analysis and data services, computer hardware or software used for and/or in support of the investment process.

The manager's policy on soft dollar commissions is as follows:

- the goods and services received would assist in the provision of investment services and advices or related services to the unit trust;
- transactions are executed on the best available terms; and
- the manager does not engage in unnecessary trades in order to qualify for soft dollar commissions.

Soft dollar commissions were received from the manager's panel of soft dollar brokers which executed transactions for the unit trust and other funds managed by the managers.

**E) Financial Statements**

Refer to page 161.

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## HSBC Insurance Singapore Equity Fund

### Fund Objective

HSBC Insurance Singapore Equity Fund seeks to achieve long-term capital growth primarily through investment in securities of companies listed on the Singapore Exchange Securities Trading Limited. The portfolio will be broadly diversified with no specific industry or sectoral emphasis. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the Schroder Singapore Trust.

### Investment and Market Review ^

Singapore stocks finished the 2H17 with positive returns. Market performance was led by strong performance from Banks, REITs and Real Estate Developers. Banks outperformed, ending the half year higher on the back of good results from UOB and OCBC, as well as DBS Group's positive actions in bringing forward the recognition of non-performing loans. Office REITs rallied strongly on expectations of an imminent upcycle in office property, with property consultants projecting a cyclical recovery in rents. Meanwhile, performance of Real Estate Developers was buoyed by outperformance of Global Logistic Properties and City Developments.

At the opposite end of returns, Consumer Staples led losses amongst sectors. Weak CPO prices weighed on expectations for near-term results, with typical seasonal factors compounded by supply concerns. The Telecom sector was also notably weak, weighed down by SingTel. Investors were concerned about competitive pressures in several key markets, with TPG Telecom as a new entrant in both Singapore and Australia.

### Market Outlook and Investment Strategy ^

January 2018 has seen a fierce spike up in oil prices and US long bond yields. At this juncture, Singapore bond yields have remained within the 1.95-2.15% range despite the rise in US bond yields to nearly 2.60%. These have implications for valuing REITs and other stocks that are priced off bond yield spreads. Should a significant change in the interest rate outlook develop, it may weaken the valuation support for key sectors of the market. Higher oil prices, if sustained at US\$60-70, would provide the backdrop for potential positive surprises in orders for Singapore's offshore and marine sector. Likewise, banks' exposure to this sector could see lower impairment charges. However, if oil prices rise materially, inflation and cost-push pressures could begin to surface. For now, the recovery in the oil & gas sector would also be positive for segments of the Singapore economy, especially since previous unemployment pressure was due to layoffs in this sector.

On market valuations, while index Price/Book valuations are closer to the levels of 2011-2014 median levels post GFC, these averages mask substantial divergences across sectors. Looking at dividend yield as another indicator, market yields are now at the slightly lower end of the 2012-2015 range. In other words, the market as a whole is no longer cheap. If bond yields and short term interest rates continue to rise, the valuation hurdle will become more of a headwind.

The earnings recovery in Singapore has been narrow and concentrated mostly in banks, tech and property. With potential for broadening of this recovery, we see more opportunities in mid/smaller cap companies, as well as consumer cyclicals.

^ Source: Schroder Investment Management (Singapore) Ltd

## FUND FACTS

Underlying Fund	Schroder Singapore Trust
Fund Manager	Schroder Investment Management (Singapore) Ltd
Launch Date	03 August 2015
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.30084
Bid Price	S\$ 1.23580
Fund Size	S\$ 22.13 mil
Units in Issue	17.91 mil



## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Singapore Equity Fund	7.28	8.63	23.34	N.A.	N.A.	N.A.	23.58
Benchmark*	8.34	10.18	25.40	N.A.	N.A.	N.A.	21.92

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Singapore Equity Fund	N.A.	N.A.	N.A.	9.32
Benchmark*	N.A.	N.A.	N.A.	8.70

\*MSCI Singapore Free Index

<sup>^</sup>Inception Date: 17 Aug 2015

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Schroder Singapore Trust	100.05	22.14
Other assets	0.76	0.17
Other liabilities	(0.81)	(0.18)
<b>Total</b>	<b>100.00</b>	<b>22.13</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	20,721,820
Redemption	1,000,377

## C) Underlying Fund Disclosure (Schroder Singapore Trust)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Singapore	98.22	821.59
Other net assets/(liabilities)	1.78	14.92
<b>Total</b>	<b>100.00</b>	<b>836.51</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Finance	47.17	394.69
Real Estate	22.46	187.86
Telecommunications	10.39	86.88
Industrial and Transportation	6.75	56.44
Diversified Operations	6.16	51.49
Agriculture	2.54	21.27
Consumer	1.91	15.94
Health Care	0.84	7.02
Others*	1.78	14.92
<b>Total</b>	<b>100.00</b>	<b>836.51</b>

\*Includes other net assets and liabilities

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

#### IV Top Ten Holdings of Underlying Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
DBS Group Hldg Ltd	16.85	140.98
Oversea-Chinese Banking Corp Ltd	15.32	128.15
United Overseas Bank Ltd	13.11	109.66
Singapore Telecommunications Ltd	9.49	79.38
CapitalLand Ltd	5.23	43.71
Keppel Corp Ltd	4.97	41.61
UOL Group Ltd	3.30	27.64
City Developments Ltd	2.94	24.56
Mapletree Industrial Trust	2.60	21.76
Hongkong Land Hldg Ltd	2.43	20.30

#### Top Ten Holdings of Underlying Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
DBS Group Hldg Ltd	13.54	93.24
Singapore Telecommunications Ltd	13.15	90.51
United Overseas Bank Ltd	11.32	77.89
Oversea-Chinese Banking Corp Ltd	10.94	75.27
CapitalLand Ltd	5.86	40.35
ComfortDelGro Corp Ltd	5.18	35.67
Keppel Corp Ltd	4.35	29.91
UOL Group Ltd	3.53	24.28
Hongkong Land Hldg Ltd	2.87	19.73
Mapletree Industrial Trust	2.56	17.64

#### V Exposure to Derivatives

N.A.

As at 31 Dec 2017

#### VI Borrowings of Net Asset Value

N.A.

As at 31 Dec 2017

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance Singapore Equity Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.35%	1.35%	1.34%	1.33%
Turnover Ratio	20.39%	10.73%	12.91%	12.84%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Schroder Singapore Trust for the financial year ended 31 Dec 2017 is not available.  
\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Schroder Singapore Trust for the financial year ended 31 Dec 2016 is not available.

#### II Related-Party Transactions

N.A.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### **IV Soft Dollar Commission Arrangement**

In the management of the Fund, the Manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

The Manager may not receive or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements shall reasonably assist the Manager in their management of the Fund, (b) best execution is carried out for the transactions, and (c) that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements. The Manager shall not receive goods and services such as travel, accommodation and entertainment.

#### **E) Financial Statements**

Refer to page 162.

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**HSBC Insurance US Equity Portfolio Fund**

**FUND FACTS**

**Fund Objective**

The Fund aims to provide long term total return by investing in a portfolio of US equities.

Invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in or are listed on a Regulated Market in, the United States of America. The Underlying Sub-Fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

Underlying Sub-Fund

HSBC Global Investment Funds – Economic Scale US Equity Fund.

Fund Manager

HSBC Global Asset Management (Singapore) Limited

Launch Date

18 Jan 2016

CPFIS/SRS

SRS

CPFIS Risk

N.A.

Classification

As at 31 Dec 2017

Offer Price

S\$ 1.50060

Bid Price

S\$ 1.42557

Fund Size

S\$ 3.78 mil

Units in Issue

2.65 mil

**Investment and Market Review ^**

In the 2H17 the US equity market continued its rally amid positive economic data releases and solid corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee (FOMC) raised the interest rates by 0.25% at its December meeting.

Over the interim period, the fund underperformed its market cap weighed index. Both our sector allocation and stock selection weighed on performance.

On a sector basis, an overweight allocation to Energy coupled with our underweight exposures to Health Care, Utilities and Real Estate contributed to performance. Conversely, an underweight allocation to IT coupled with our overweight exposures to Consumer Staples and Industrials weighed on performance.

At the stock level, overweighting Wal-Mart Stores Inc. (Consumer Staples, USA) and Hertz Global Holdings Inc. (Industrials) coupled with underweighting Celgene Corp. (Health Care) yielded the most positive contributions. Conversely, underweighting Apple Inc. (Information Technology) and Microsoft Corp. (Consumer Discretionary) coupled with overweighting General Electric Co. (Industrials) weighed on performance.

**Market Outlook and Investment Strategy ^**

There are no changes in terms of portfolio construction. The HSBC Economic Scale Equity Strategy is designed to give investors exposure to the equity risk premium while harnessing systematic rebalancing to deliver an excess return, over traditional market-cap weighted indices.

US equities have been resilient in the face of Fed policy normalisation and supported by historically low volatility. Relatively high current valuations lead to an implied risk premium that is lower than in many other developed markets. A more rapid than expected tightening of Fed policy also poses risks.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth (%)	6-Mth (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance US Equity Portfolio Fund	5.03	7.61	7.28	N.A.	N.A.	N.A.	42.56
Benchmark*	4.39	6.92	7.52	N.A.	N.A.	N.A.	38.42

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance US Equity Portfolio Fund	N.A.	N.A.	N.A.	20.83
Benchmark*	N.A.	N.A.	N.A.	18.39

\* Benchmark Details:

Inception to October 2017 - HSBC Economic Scale US Net

From October 2017 onwards - S&P 500 Net

^Inception Date: 28 Jan 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Investment Funds – Economic Scale US Equity Fund	100.00	3.78
<b>Total</b>	<b>100.00</b>	<b>3.78</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,746,173
Redemption	240,407

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Economic Scale US Equity Fund)

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
United States	98.01	1,255.17
Cash	1.99	25.48
<b>Total</b>	<b>100.00</b>	<b>1,280.65</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Industrials	16.42	210.13
Consumer Discretionary	16.21	207.63
Financials	13.97	178.94
Information Technology	13.70	175.39
Consumer Staples	10.32	132.16
Health Care	8.91	114.16
Energy	7.18	92.01
Materials	3.89	49.88
Telecommunication Services	3.37	43.17
Real Estate	2.22	28.43
Utilities	1.82	23.27
Cash	1.99	25.48
<b>Total</b>	<b>100.00</b>	<b>1,280.65</b>

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

**IV Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Wal-Mart Stores Inc	3.14	40.31
General Electric Co	1.90	24.31
AT&T Inc	1.58	20.25
Exxon Mobil Corp	1.45	18.54
Wells Fargo & Co	1.27	16.24
Apple Inc	1.18	15.08
JP Morgan Chase & Co	1.16	14.83
Bank of America Corp	1.03	13.22
United Parcel Service Inc	1.00	12.77
Chevron Corp	0.92	11.77

**Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
Wal-Mart Stores Inc	3.38	37.26
General Electric Co	1.89	20.83
Exxon Mobil Corp	1.83	20.17
AT&T Inc	1.63	17.97
Verizon Communications Inc	1.31	14.44
JPMorgan Chase & Co	1.21	13.34
Chevron Corp	1.10	12.12
Wells Fargo & Co	1.09	12.01
Apple Inc	1.08	11.90
Bank of America Corp	0.98	10.80

**V Exposure to Derivatives**

	<b>As at 31 Dec 2017</b>
% of NAV	2.02%
Market value (S\$)	25,836,488
Realised Gains / (Losses) (S\$)	1,430,676
Unrealised Gains / (Losses) (S\$)	264,784

**VI Borrowings of Net Asset Value**

	<b>As at 31 Dec 2017</b>
N.A.	

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance US Equity Portfolio Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	0.78%	0.78%	0.75%	0.75%
Turnover Ratio	8.34%	5.43%	18.14%	0.19%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Economic Scale US Equity Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Global Investment Funds – Economic Scale Index US Equity Fund for the financial year ended 31 Dec 2016 is not available

**II Related-Party Transactions**

HSBC Insurance US Equity Portfolio Fund invests S\$3.78 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Economic Scale US Equity Fund, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$2,927.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

#### **IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft Commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

#### **E) Financial Statements**

Refer to page 162.

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**HSBC Insurance US Opportunities Equity Fund**

**FUND FACTS**

**Fund Objective**

HSBC Insurance US Opportunities Equity Fund aims to achieve capital appreciation by investing principally in equity securities of US companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the Franklin US Opportunities Fund A.

**Investment and Market Review ^**

Franklin US Opportunities Fund A Acc USD returned 10.24% from 1 July 2017 to 31 December 2017, underperforming its Russell 3000 Growth benchmark, which returned 13.98%. The primary detractor from performance was adverse stock selection, while sector allocation was neutral for the period.

Stock selection within health care detracted from relative performance, primarily within the biotechnology and pharmaceuticals industries. In addition, stock selection within industrials and consumer discretionary detracted from performance. The top overall detractor for the period was Celgene (health care), as the company declined in October due to the halting of their phase 3 RESOLVE trial for GED-0301 in Crohn's disease due to lack of efficacy. This was followed by a number of downgrades as analysts removed potential revenues for the compound from their models. The company also lowered their 2020 guidance during their most recent earnings report.

Conversely, an overall underweight to the consumer staples sector as well as an overweight to the outperforming IT sector contributed positively to performance. Top overall contributors for the period included MasterCard, Amazon.com, and Visa.

**Market Outlook and Investment Strategy ^**

We believe there is a secular tailwind for the US economy, supported by innovation and technology adoption, which continues to disrupt industries, but also transform them and select companies into engines of progress and creators of shareholder value.

We see opportunities in companies that employ technological innovation in realms such as retail, health care and industrials. E-commerce has expanded globally and the internet has changed not only the way we shop, but also the way we collaborate and connect. This, in turn, has allowed companies to track their customers and collect marketing data to personalise and enhance their product offerings and target their advertising, which can boost revenue growth. In health care, technology is revolutionising drug development with computer-simulated clinical trials that have potential to reduce costs and time to market. There are also new gene sequencing technologies and cancer treatments, such as CAR T cells, that are synthetically engineered to personalise patient care. In industrials, manufacturers are increasingly employing automation, robotics and artificial intelligence. For example, on the factory floor, artificial intelligence is changing the role of the human workforce to improve productivity and minimise production costs.

Our focus remains on companies that we believe will benefit from multiyear secular tailwinds and can generate solid risk-adjusted investment performance over the long term. As active managers, we see near-term market gyrations or short-term politically-induced market upheavals as opportunities to buy high-quality companies at more attractive prices. So, we are apt to see any short-term volatility not as an obstacle, but as an occasion to add quality names to our portfolios.

^ Source: Templeton Asset Management Ltd.

Underlying Fund	Franklin US Opportunities Fund
Fund Manager	Templeton Asset Management
Launch Date	18 Jan 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	S\$ 1.45725
Bid Price	S\$ 1.38439
Fund Size	S\$ 0.94 mil
Units in Issue	0.68 mil



**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance US Opportunities Equity Fund	4.82	9.66	25.57	N.A.	N.A.	N.A.	38.44
Benchmark*	6.05	10.73	19.71	N.A.	N.A.	N.A.	42.03

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance US Opportunities Equity Fund	N.A.	N.A.	N.A.	18.40
Benchmark*	N.A.	N.A.	N.A.	19.98

\*Russell 3000 Growth Index

<sup>^</sup>Inception Date: 28 Jan 2016

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV \$ mil
Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund	100.00	0.94
<b>Total</b>	<b>100.00</b>	<b>0.94</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	\$ mil
Subscription	463,712
Redemption	72,098

**C) Underlying Fund Disclosure**

(Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund)

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV \$ mil
United States	96.22	4,157.60
China	1.56	67.41
Netherlands	0.82	35.43
Cash & Cash Equivalents	1.40	60.49
<b>Total</b>	<b>100.00</b>	<b>4,320.93</b>

**II Allocation by Industry**

Industry	As at 31 Dec 2017	
	% of NAV	MV \$ mil
Information Technology	47.11	2,035.58
Consumer Discretionary	13.36	577.28
Health Care	10.16	439.01
Industrials	8.07	348.70
Financials	6.71	289.93
Real Estate	5.06	218.64
Consumer Staples	4.05	175.00
Materials	2.47	106.73
Energy	1.14	49.26
Telecommunication Services	0.47	20.31
Cash & Cash Equivalents	1.40	60.49
<b>Total</b>	<b>100.00</b>	<b>4,320.93</b>

**III Allocation of Debt Securities by Credit Ratings**

As at 31 Dec 2017

N.A.

#### IV Top Ten Holdings of Underlying Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
Amazon.Com Inc	6.34	274.71
Apple Inc	5.38	232.31
Facebook Inc	4.97	214.66
MasterCard Inc	4.52	195.29
Alphabet Inc	3.85	166.30
Microsoft Corp	3.85	166.26
VISA Inc	3.71	160.26
Celgene Corp	2.40	103.52
SBA Communications Corp	2.20	95.03
Broadcom Ltd	2.06	88.86

#### Top Ten Holdings of Underlying Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
Alphabet Inc	4.74	204.98
Apple Inc	4.62	199.16
Amazon.Com Inc	4.58	197.48
Facebook Inc	3.96	171.07
Celgene Corp	3.84	165.52
Visa Inc	3.80	163.77
MasterCard Inc	3.77	162.83
Microsoft Corp	3.51	151.47
SBA Communications Corp	2.57	110.82
Allergan Plc	2.38	102.58

#### V Exposure to Derivatives

N.A. As at 31 Dec 2017

#### VI Borrowings of Net Asset Value

N.A. As at 31 Dec 2017

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance US Opportunities Equity Fund		Underlying Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.84%	1.84%	1.82%	1.82%
Turnover Ratio	12.90%	23.13%	38.57%†	38.01%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of Franklin US Opportunities Fund for the financial year ended 31 Dec 2016 is not available.

\*\*\*Based on audited figure as at 30 Jun 2016 as the turnover ratio of Franklin US Opportunities Fund for the financial year ended 31 Dec 2016 is not available.

†Turnover ratio calculation is based on Luxembourg GAAP.

#### II Related-Party Transactions

N.A.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### **IV Soft Dollar Commission Arrangement**

For the period 1 July 2017 to 31 December 2017, the Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund paid US\$148,652 in commission dollars generated from portfolio transactions to pay for goods or services provided by third parties under a soft dollar arrangement. All goods and services acquired with the soft dollar commission were for the benefit of the unit trust. The broker(s), who has executed trades for other funds managed by the investment manager, had executed the trades on best available terms and there was no churning of trades.

#### **E) Financial Statements**

Refer to page 162.

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## HSBC Insurance World Selection Funds

Fund Facts	HSBC Insurance World Selection 1 Fund	HSBC Insurance World Selection 3 Fund	HSBC Insurance World Selection 5 Fund
Launch Date	01 Apr 2010	01 Apr 2010	01 Apr 2010
Fund Manager	HSBC Global Asset Management (Singapore) Limited		
Underlying Sub-Fund	HSBC Portfolios – World Selection 1	HSBC Portfolios – World Selection 3	HSBC Portfolios - World Selection 5
CPFIS/SRS		SRS	
CPFIS Risk Classification		N.A.	
As at 31 Dec 2017			
Offer Price	S\$ 1.24991	S\$ 1.39801	S\$ 1.48798
Bid Price	S\$ 1.18741	S\$ 1.32811	S\$ 1.41358
Fund Size	S\$ 1.90 mil	S\$ 5.40 mil	S\$ 15.49 mil
Units in Issue	1.60 mil	4.07 mil	10.96 mil

### Fund Objectives

HSBC Insurance World Selection 1 Fund seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a low risk investment strategy.

HSBC Insurance World Selection 3 Fund seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a medium risk investment strategy.

HSBC Insurance World Selection 5 Fund seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a high risk investment strategy.

### Investment and Market Review <sup>^</sup>

Global equities moved higher over the review period amid strengthening global economic data, subdued inflation and positive corporate earnings. Key events included US congress passing its tax reform bill, in arguably the biggest overhaul of the US tax system since the 1980s, and another 0.25% increase to interest rates in the US. Bond markets have continued to react to the strong economic momentum. 10 year developed market government bond yields rose over the period (prices fell) in many regions. The 10 year UST yield rose from 2.27% to 2.41% reflecting the predicted gradual upward trajectory of US interest rates.

### Market Outlook and Investment Strategy <sup>^</sup>

With the US economy running at (or very close to) full capacity, fiscal stimulus will increase the upside potential for inflationary pressures developing. Together with the risk of faster than expected Fed policy tightening, this is an unfriendly backdrop for fixed income assets. We remain underweight in global government and EM hard currency bonds, neutral in global corporate and high yield bonds and overweight in EM local currency bonds where prospective returns look attractive. We expect global equity markets to deliver positive returns over the long term. We maintain an overweight position in global equities to take advantage of the continued momentum, with regional overweight positions in EM, Japan and Europe. The portfolio's positioning was adjusted over the course of the period.

<sup>^</sup> Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth (%)	6-Mth (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception <sup>^</sup> (%)
HSBC Insurance World Selection 1 Fund*	(0.04)	(0.11)	(1.83)	8.88	25.34	N.A.	24.99
HSBC Insurance World Selection 3 Fund*	1.77	3.30	4.87	17.55	43.35	N.A.	39.80
HSBC insurance World Selection 5 Fund*	3.34	5.99	10.40	21.52	58.49	N.A.	48.80

## II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance World Selection 1 Fund*	2.88	4.62	N.A.	2.96
HSBC Insurance World Selection 3 Fund*	5.54	7.47	N.A.	4.44
HSBC Insurance World Selection 5 Fund*	6.71	9.65	N.A.	5.29

\*These Funds do not have a benchmark due to the diverse range of asset classes; some do not have indices that meet the criteria for inclusion in a representative composite benchmark of being both investable and replicable.

<sup>A</sup>HSBC Insurance World Selection 1 Fund Inception Date: 12 May 2010

HSBC Insurance World Selection 3 Fund Inception Date: 15 Apr 2010

HSBC Insurance World Selection 5 Fund Inception Date: 20 Apr 2010

### HSBC Insurance World Selection 1 Fund

#### B) Fund Disclosure

##### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Portfolios - World Selection 1	100.00	1.90
<b>Total</b>	<b>100.00</b>	<b>1.90</b>

##### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	805,742
Redemption	217,397

#### C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 1)

##### I Allocation by Country

N.A., as the fund is a fund-of-funds.

As at 31 Dec 2017

##### II Allocation by Industry

N.A., as the fund is a fund-of-funds.

As at 31 Dec 2017

##### III Allocation of Debt Securities by Credit Ratings

N.A.

As at 31 Dec 2017

#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Global Government Bond Strategy	24.54	162.10
HSBC Global Corporate Bond Strategy	12.09	79.86
HSBC FTSE All-World Index	10.91	72.07
HSBC GIF Global Government Bond	9.97	65.86
HSBC GIF Global Emerging Market Local Debt	7.85	51.86
HSBC Global Asset Backed Bond	5.00	33.03
HSBC GIF Global Corporate Bond	4.96	32.77
HSBC GIF Global High Yield Bond	4.65	30.72
Cash	4.12	27.22
HSBC GIF Global Real Estate Equity	4.00	26.42

**Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2016</b>	
	<b>% of NAV</b>	<b>MV S\$ mil</b>
HSBC GWS 1 – Government BD	27.39	169.45
HSBC GWS 1 – Corporate BD	13.01	80.48
HSBC GIF Global Government Bond ZQ1	7.11	44.01
HSBC GIF Global High Yield Bond ZQ1	6.69	41.40
HSBC GIF Global Emerging Mkt Loc Dbt ZQ1	6.54	40.44
HSBC FTSE All-World Index Instl Acc	5.65	34.97
HSBC GIF Global Real Estate Equity ZQ1	5.07	31.38
Cash	4.66	28.86
HSBC GIF Global Corporate Bond ZQ1	4.11	25.40
HSBC GIF Global Emerg Mkts Bd ZQ1	3.65	22.57

**V Exposure to Derivatives**

	<b>As at 31 Dec 2017</b>
% of NAV	3.86%
Market value (S\$)	25,478,228
Realised Gains / (Losses) (S\$)	709,173
Unrealised Gains / (Losses) (S\$)	468,476

**VI Borrowings of Net Asset Value**

	<b>As at 31 Dec 2017</b>
Use of borrowing in % of Fund Total Net Asset	(0.17%)

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance World Selection 1 Fund</b>		<b>Underlying Sub-Fund</b>	
	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>	<b>As at 30-Sep-17*</b>	<b>As at 30-Sep-16**</b>
Expense Ratio	1.67%	1.71%	1.29%	1.34%
Turnover Ratio	14.58%	17.27%	<b>As at 31-Dec-17</b> 40.85%	<b>As at 31-Dec-16</b> 0.63%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 1 for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Portfolios - World Selection 1 for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

The HSBC Insurance World Selection 1 Fund invests S\$1.90 million, equivalent to 100.00% of its net asset value in HSBC Portfolios - World Selection 1, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$524.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 163.

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## HSBC Insurance World Selection 3 Fund

### B) Fund Disclosure

#### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Portfolios - World Selection 3	100.37	5.42
Other liabilities	(0.37)	(0.02)
<b>Total</b>	<b>100.00</b>	<b>5.40</b>

#### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	S\$
Subscription	1,846,541
Redemption	483,115

### C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 3)

#### I Allocation by Country

As at 31 Dec 2017

N.A., as the fund is a fund-of-funds.

#### II Allocation by Industry

As at 31 Dec 2017

N.A., as the fund is a fund-of-funds.

#### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

#### IV Top Ten Holdings of Underlying Sub-Fund

As at 31 Dec 2017

	% of NAV	MV S\$ mil
HSBC FTSE All-World Index	19.78	223.26
HSBC Global Corporate Bond Strategy	10.23	115.47
HSBC American Index	9.26	104.53
HSBC GIF Global Emerging Market Local Debt	8.67	97.87
HSBC GIF Global Corporate Bond	5.69	64.23
HSBC GIF Global High Yield Bond	5.25	59.26
HSBC GIF Global Real Estate Equity	4.90	55.31
HSBC ESI Worldwide Equity ETF	4.61	52.04
HSBC GIF Global Emerging Markets Bond	4.47	50.46
Cash	3.12	35.22

#### Top Ten Holdings of Underlying Sub-Fund

As at 31 Dec 2016

	% of NAV	MV S\$ mil
HSBC FTSE All-World Index Instl Acc	18.52	169.22
HSBC GWS 3 - CORPORATE BD	17.29	157.84
HSBC ESI Worldwide Equity ETF	10.14	92.59
HSBC GIF Global High Yield Bond ZQ1	8.61	78.60
HSBC American Index Institutional Acc	7.33	66.92
HSBC GIF Global Emerging Mkt Loc Dbt ZQ1	6.41	58.53
HSBC GIF Global Real Estate Equity ZQ1	5.07	46.28
HSBC GIF Global Emerg Mkts Bd ZQ1	4.11	37.51
HSBC GIF Global Corporate Bond ZQ1	3.29	30.07
Topix Index Future Financial Future 09/03/17	2.14	19.51

#### V Exposure to Derivatives

As at 31 Dec 2017

% of NAV	2.37%
Market value (S\$)	26,750,875
Realised Gains / (Losses) (S\$)	1,282,810
Unrealised Gains / (Losses) (S\$)	778,992

#### VI Borrowings of Net Asset Value

As at 31 Dec 2017

Use of borrowing in % of Fund Total Net Asset	(0.04%)
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**D) Other Disclosure Items**

**I Expense/Turnover Ratios**

	HSBC Insurance World Selection 3 Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.72%	1.75%	1.44%	1.48%
Turnover Ratio			<b>As at 31-Dec-17</b>	<b>As at 31-Dec-16</b>
	13.03%	9.58%	28.64%	0.35%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 3 for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Portfolios - World Selection 3 for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

HSBC Insurance World Selection 3 Fund invests S\$5.42 million, equivalent to 100.37% of its net asset value in HSBC Portfolios - World Selection 3, which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$8,317.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 163.

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## HSBC Insurance World Selection 5 Fund

### B) Fund Disclosure

#### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC Portfolios - World Selection 5	100.84	15.62
Other liabilities	(0.84)	(0.13)
<b>Total</b>	<b>100.00</b>	<b>15.49</b>

#### II Fund Movement

	(01 Jul 2017 - 31 Dec 2017)	
	S\$	
Subscription		6,250,246
Redemption		988,854

### C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 5)

#### I Allocation by Country

	As at 31 Dec 2017
N.A., as the fund is a fund-of-funds.	

#### II Allocation by Industry

	As at 31 Dec 2017
N.A., as the fund is a fund-of-funds.	

#### III Allocation of Debt Securities by Credit Ratings

	As at 31 Dec 2017
N.A.	

#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV S\$ mil
HSBC American Index	16.28	66.11
HSBC Worldwide Equity ETF	13.57	55.11
HSBC FTSE All-World Index	12.77	51.86
HSBC ESI Worldwide Equity ETF	8.11	32.93
iShares Core S&P 500	7.93	32.20
HSBC European Index	7.38	29.97
iShares Core MSCI Emerging Markets	5.51	22.38
HSBC GIF Global Real Estate Equity	4.84	19.65
HSBC GIF Global Emerging Market Local Debt	4.77	19.37
HSBC Japan Index	4.10	16.65

#### Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2016	
	% of NAV	MV S\$ mil
HSBC ESI Worldwide Equity ETF	18.63	64.85
HSBC American Index Institutional Acc	17.50	60.89
HSBC Worldwide Equity ETF	14.08	48.99
HSBC FTSE All-World Index Instl Acc	10.66	37.09
HSBC European Index Institutional Acc	6.21	21.63
HSBC GIF Global Real Estate Equity ZQ1	5.13	17.85
HSBC GIF Global Emerging Mkt Loc Dbt ZQ1	4.52	15.74
ISHARES CORE EM IMI ACC	4.36	15.18
iShares Core S&P 500 USD Acc	3.01	10.49
HSBC Japan Index Instl Acc	2.90	10.10

#### V Exposure to Derivatives

	As at 31 Dec 2017	
% of NAV		4.33%
Market value (S\$)		17,567,408
Realised Gains / (Losses) (S\$)		162,818
Unrealised Gains / (Losses) (S\$)		243,312

#### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
N.A.	

**D) Other Disclosure Items**

I Expense/Turnover Ratios	HSBC Insurance World Selection 5 Fund		Underlying Sub-Fund	
	As at 31-Dec-17	As at 31-Dec-16	As at 30-Sep-17*	As at 30-Sep-16**
Expense Ratio	1.77%	1.80%	1.49%	1.54%
Turnover Ratio	6.98%	21.46%	25.21%	0.31%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 5 for the financial year ended 31 Dec 2017 is not available.

\*\*Based on unaudited figure as at 30 Sep 2016 as the expense ratio of HSBC Portfolios - World Selection 5 for the financial year ended 31 Dec 2016 is not available.

**II Related-Party Transactions**

The HSBC Insurance World Selection 5 Fund invests S\$15.62 million, equivalent to 100.84% of its net asset value in HSBC Portfolios - World Selection 5 , which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to S\$22,279.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 163.

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**HSBC Insurance Europe Dynamic Equity Fund (USD)**

**Fund Objective**

HSBC Insurance Europe Dynamic Equity (USD) seeks to maximise long-term capital growth by investing primarily in an aggressively managed portfolio of European companies. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the JPMorgan Funds – Europe Dynamic Fund (USD).

**Investment and Market Review ^**

3Q17 saw the European market grinding sideways through much of July and August before finally rallying towards the end of September. The fund underperformed in the 3Q17. Positive contributors to relative returns included stock selection in pharmaceuticals biotechnology & life sciences and an overweight position in consumer durables & apparel. Detractors included stock selection and an underweight position in materials and stock selection in transportation. At the stock, our overweight position in A.P. Moller-Maersk detracted from returns. Shares in the world's largest container shipping company came under pressure due to weakness in the USD and speculation that increased capacity in the sector may suppress freight rates.

4Q17 saw the European market returning +0.6% on a total return basis, in EUR, having traded in a range through much of the period. Confidence indicators for manufacturing and services remained very strong on both sides of the Atlantic. Bond markets saw yields edging modestly higher into December, except in the UK, where the first interest rate rise for 10 years saw the yield curve flattening. Sector performance was very mixed – higher metals and oils prices boosted materials and energy. Real estate also performed well, but other interest-rate sensitives such as telecoms, utilities and healthcare under-performed. The fund underperformed in the 4Q17. Positive contributors to relative returns included stock selection in materials and semiconductors & semiconductor equipment. Detractors included both stock selection and an underweight position in energy and both stock selection and an overweight position in banks.

**Market Outlook and Investment Strategy ^**

Confidence indicators remain positive in Europe, suggesting that the economy is growing above trend and has momentum. The ECB intends to taper its QE programme, and the conditions for doing so, and we are already seeing a modest steepening in euro yield curves. This is consistent with an encouraging growth background and a rise in the cost of capital does not concern us unduly since we view any such rise as being modest and gradual. If the steepening of yield curves continues we should see support for financials and cyclical.

We follow a disciplined bottom-up investment process that aims to give equal importance to all stages of the investment process: from stock selection to portfolio construction and implementation. Our portfolio managers select individual stocks that have one or more of the Value, Quality, and Momentum characteristics we seek. Within our current portfolio this disciplined, bottom up approach has led us to overweight positions in cyclical sectors such as materials and financials including banks and insurance. Conversely we are underweight more defensive sectors such as food, beverage and tobacco

^ Source: JPMorgan Asset Management (Singapore) Limited

**FUND FACTS**

Underlying Sub-Fund	JPMorgan Funds – Europe Dynamic Fund (USD)
Fund Manager	J.P. Morgan Asset Management.
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	USD 1.15752
Bid Price	USD 1.15752
Fund Size	USD 0.27 mil
Units in Issue	0.23 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10- Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Europe Dynamic Equity Fund (USD)	0.93	2.77	10.71	N.A.	N.A.	N.A.	15.75
Benchmark*	1.70	5.69	14.96	N.A.	N.A.	N.A.	23.17

### II Average Annual Compounded Returns

	3-Year	5-Year	10- Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Europe Dynamic Equity Fund (USD)	N.A.	N.A.	N.A.	13.73
Benchmark*	N.A.	N.A.	N.A.	20.11

\*MSCI Europe Index (Total Return Net) Hedged to USD

<sup>^</sup>Inception Date: 11 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
JPMorgan Funds – Europe Dynamic Fund (USD)	100.00	0.27
<b>Total</b>	<b>100.00</b>	<b>0.27</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	196,939
Redemption	-

## C) Underlying Fund Disclosure (JPMorgan Funds – Europe Dynamic Fund (USD))

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
France	22.20	415.45
United Kingdom	21.50	402.35
Germany	14.20	265.74
Switzerland	11.00	205.85
Netherlands	5.80	108.54
Denmark	5.60	104.80
Spain	4.60	86.08
Others*	9.70	181.53
Net Liquidity	5.40	101.05
<b>Total</b>	<b>100.00</b>	<b>1,871.39</b>

\*Includes other countries

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV USD mil
Financials	27.40	512.76
Materials	14.80	276.97
Consumer Discretionary	13.30	248.89
Industrials	10.80	202.11
Health Care	8.70	162.81
Information Technology	7.50	140.35
Consumer Staples	4.60	86.08
Others*	7.50	140.37
Net Liquidity	5.40	101.05
<b>Total</b>	<b>100.00</b>	<b>1,871.39</b>

\*Includes other industries

**III Allocation of Debt Securities by Credit Ratings** **As at 31 Dec 2017**  
N.A.

**IV Top Ten Holdings of Underlying Sub-Fund** **As at 31 Dec 2017**

	<b>% of NAV</b>	<b>MV USD mil</b>
Novartis	4.51	84.40
Allianz	3.64	68.12
Vinci	3.06	57.26
Covestro	2.93	54.83
Engie	2.86	53.52
BASF	2.58	48.28
ING	2.56	47.91
Novo Nordisk	2.43	45.47
STMicroelectronics	2.34	43.79
Partners	2.33	43.60

**V Exposure to Derivatives** **As at 31 Dec 2017**

% of NAV	0.36%
Market value (USD)	6,697,869
Realised Gains / (Losses) (USD)	-
Unrealised Gains / (Losses) (USD)	6,697,869

**VI Borrowings of Net Asset Value** **As at 31 Dec 2017**  
N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Europe Dynamic Equity Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	1.82%	1.80%
Turnover Ratio	228.32%	182.17%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of JPMorgan Funds – Europe Dynamic Fund (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**  
N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**  
N.A.

**IV Soft Dollar Commission Arrangement**  
N.A.

**E) Financial Statements**  
Refer to page 164.

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**HSBC Insurance Global Emerging Markets Bond Fund (USD)**

**Fund Objective**

HSBC Insurance Global Emerging Markets Bond Fund (USD) invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in emerging markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of emerging markets. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the HSBC Global Investment Funds – Global Emerging Markets Bond (USD).

**FUND FACTS**

Underlying Sub-Fund	HSBC Global Investment Funds – Global Emerging Markets Bond (USD)
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	USD 1.08389
Bid Price	USD 1.08389
Fund Size	USD 0.29 mil
Units in Issue	0.27 mil

**Investment and Market Review ^**

EMD assets have posted positive performance in 2017 as strong investor flows have been driven by global demand for yield and low volatility. UST yields have remained range-bound throughout while the USD weakened as inflationary expectations tempered. At a portfolio level, the strategy has held an underweight to duration and spread duration given tight valuations across the asset class and the prevailing risks of central bank hawkishness. This cautious approach has been balanced by maintaining a beta above 1, while focusing on yield capture from overweight positions in higher yielding, high beta countries.

During this risk-on environment, expensive low beta, lower yielding countries underperformed and underweight positioning in China, the Philippines and Poland helped relative performance. The largest single contributor was positioning in Mexico as an overweight position at the start of year benefitted from spread compression while an underweight towards the end of year contributed as spreads rose as inflationary, NAFTA and political risks grew. Security selection focus on energy related quasi-sovereigns in Russia also helped, benefitting from an overall increase in commodity prices. Similarly, off-benchmark exposure to mining related corporate issues also contributed to performance. However, some of these gains were offset by positioning in the high yield segment with security selection of sovereign debt in Venezuela. Besides, an underweight to Ukraine earlier in the year hurt performance as bond prices were buoyed by IMF support. Holdings in cash, held for liquidity purposes, also detracted from performance as hard currency assets rallied.

**Market Outlook and Investment Strategy ^**

Generally accommodative developed market monetary policies synchronized global growth and an improved fundamental picture for most EM countries has provided a supportive backdrop for EMD. While EMD has enjoyed strong performance over the last year, it has resulted in expensive valuations compared to their historic averages. However, when compared to developed markets, the asset class continues to offer an attractive yield pickup. As a result, there have been record inflows into EM fixed income. While this raises concern, flows should remain supportive all things being equal. In the near-term, much of the attention will be focused on US fiscal and monetary policy as well as the improving economy in Europe. While the Fed and the ECB's intentions have so far been well communicated, catalysts for inflationary pressures could cause central banks to tighten conditions sooner than markets anticipate, although this is not our base case. Further episodic volatility could stem from political and geopolitical risks e.g. South Africa and North Korea, while markets are watchful of how China's balancing act, of maintaining growth while reducing its debt problem, will play out. However, periods of volatility should present opportunities to add risk to our portfolios where the risk premium is attractive. Over the longer term, we believe EMD valuations still compare favorably to develop markets bonds but selectivity and carry will be key components for growth in the asset class.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Bond Fund (USD)	0.28	2.26	7.21	N.A.	N.A.	N.A.	8.39
Benchmark*	0.54	2.94	9.32	N.A.	N.A.	N.A.	10.85

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Bond Fund (USD)	N.A.	N.A.	N.A.	7.53
Benchmark*	N.A.	N.A.	N.A.	9.73

\*JP Morgan EMBI Global

<sup>^</sup>Inception Date: 21 Nov 2016

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Investment Funds – Global Emerging Markets Bond (USD)	100.00	0.29
<b>Total</b>	<b>100.00</b>	<b>0.29</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	161,902.00
Redemption	-

**C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Global Emerging Markets Bond (USD))**

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
Turkey	10.58	480.66
Mexico	10.32	468.71
Argentina	8.87	402.93
Indonesia	8.38	380.60
China	5.00	227.12
Russian Federation	4.56	207.41
Brazil	4.40	199.79
Colombia	4.35	197.61
Chile	3.12	141.81
Others*	40.42	1,837.09
<b>Total</b>	<b>100.00</b>	<b>4,543.73</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
<b>Industry</b>		
Sovereign (Hard Ccy)	68.90	3,130.69
Quasi (Hard Ccy)	22.67	1,029.96
Corporate (Hard Ccy)	5.47	248.48
Local FX	2.29	103.90
Local Sovereign Bonds	0.02	0.98
Cash	0.65	29.72
<b>Total</b>	<b>100.00</b>	<b>4,543.73</b>

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
AAA	2.94	133.59
AA	0.17	7.62
AA-	0.81	36.79
A+	6.24	283.64
A	1.00	45.31
A-	3.70	167.97
BBB+	8.13	369.38
BBB	19.23	873.94
BBB-	13.73	623.85
BB+	8.93	405.87
BB	7.61	345.60
BB-	3.18	144.52
B+	12.87	584.84
B	6.25	283.97
Others*	5.21	236.84
<b>Total</b>	<b>100.00</b>	<b>4,543.73</b>

\*Includes lower rated debt securities

<b>IV Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
Argentina (Republic of) 7.500 04/22/2026	2.48	112.75
Colombia (Republic of) 3.875 04/25/2027	2.07	93.84
Argentina (Republic of) 6.875 01/26/2027	1.73	78.83
Russia Global 4.875 09/16/2023	1.64	74.37
Turkey (Republic of) 4.875 10/09/2026	1.63	73.95
Petroleos Mexicanos 4.500 01/23/2026	1.44	65.48
Argentina (Republic of) 7.625 04/22/2046	1.35	61.51
Dominican Republic 6.875 01/29/2026	1.22	55.56
Argentina (Republic of) 6.875 04/22/2021	1.20	54.47
Ukraine (Republic of) 7.750 09/01/2027	1.16	52.90

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	(4.49%)
Market value (USD)	(204,107,856)
Realised Gains / (Losses) (USD)	3,171,290
Unrealised Gains / (Losses) (USD)	(4,460,774)

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
Use of borrowing in % of Fund Total Net Asset	(0.02%)



**D) Other Disclosure Items**

<b>I) Expense/Turnover Ratios</b>	<b>HSBC Insurance Global Emerging Markets Bond Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	1.62%	1.59%
Turnover Ratio	123.59%	56.66%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global Emerging Markets Bond (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**

The HSBC Insurance Global Emerging Market Bond Fund (USD) invests USD0.29 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Global Emerging Markets Bond (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD612.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 164.

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**HSBC Insurance Global Emerging Markets Equity Fund (USD)**

**Fund Objective**

HSBC Insurance Global Emerging Markets Equity Fund (USD) seeks to provide long-term capital growth by investing primarily in emerging market companies. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the JPMorgan Funds – Emerging Markets Equity (USD).

**Investment and Market Review ^**

Global equities produced surprisingly strong returns in 2017, with EM leading the way for the second year in a row. This strong performance reflected healthy and synchronized global growth and a weakening dollar.

The portfolio outperformed its benchmark in the past 12 months. Stock selection was the primary driver of positive relative returns, while country allocation detracted. Stock selection in China has been the major driver of results over the course of the year. Contribution was well diversified, including internet businesses and insurance companies. Tencent was among the leading contributors, consistently reporting stronger-than-expected results, driven by revenue growth in mobile and PC gaming.

Stock selection in financials continued to be a bright spot, driven by positions in high quality Indian private sector banks, they continue to take share from the public sector.

Our longstanding overweight to South Africa, which is the result of bottom-up stock selection, was the leading detractor from performance for the year overall despite the recovery in the market in December. Political volatility continued to hurt equity and currency markets, as the firing of a respected finance minister in March led to a credit rating downgrade, notably impacting financials.

**Market Outlook and Investment Strategy ^**

Healthy and synchronized global growth and a weakening dollar supported strong asset class returns in 2017 and we believe these growth and dollar trends will continue through 2018, leading us to expect continued strength in EM, in both absolute and relative terms.

The global growth outlook is extremely important to the performance of EM equities, and today, growth is stronger and more broad-based than at any time since 2010. Moreover, as inflation is currently well contained, the risk that G3 central banks act aggressively to cool down the economy seems to be rather low. Considering this, healthy growth and the corresponding comfort with risk assets may last longer than many expect. However, further acceleration of growth, particularly in developed economies, could lead us to reconsider that view.

On the risk side of the ledger, as the dollar and global growth are the two most supportive macro drivers behind EM's strength, it should not be a surprise that they also represent the most important risks in the medium term. Geopolitical concerns and economic slowdowns tend to suppress risk appetite and support the dollar, both of which would likely prove problematic for EM equities. In the short term, EM stocks are certainly vulnerable to a turn in market sentiment, and a long-awaited correction in the S&P 500 would certainly be felt across the EM universe.

Given the supportive growth and currency backdrop in place today, we are advising clients to take advantage of any market weakness to add exposure.

^ Source: JPMorgan Asset Management (Singapore) Limited

**FUND FACTS**

Underlying Sub-Fund	JPMorgan Funds – Emerging Markets Equity Fund (USD)
Fund Manager	J.P. Morgan Asset Management.
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	USD 1.41229
Bid Price	USD 1.41229
Fund Size	USD 0.48 mil
Units in Issue	0.34 mil

**A) Fund Performance**

**I Cumulative Total Returns**

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Equity Fund (USD)	7.39	16.00	37.53	N.A.	N.A.	N.A.	41.23
Benchmark*	7.44	15.92	37.28	N.A.	N.A.	N.A.	41.55

**II Average Annual Compounded Returns**

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Emerging Markets Equity Fund (USD)	N.A.	N.A.	N.A.	35.78
Benchmark*	N.A.	N.A.	N.A.	36.05

\*MSCI Emerging Markets Index (Total Return Net)

<sup>^</sup>Inception Date: 14 Nov 2016

**B) Fund Disclosure**

**I Allocation by Asset Class**

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
JPMorgan Funds – Emerging Markets Equity Fund (USD)	100.00	0.48
<b>Total</b>	<b>100.00</b>	<b>0.48</b>

**II Fund Movement**

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	395,652
Redemption	-

**C) Underlying Fund Disclosure (JPMorgan Funds – Emerging Markets Equity Fund (USD))**

**I Allocation by Country**

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
China	33.70	2,230.82
India	16.60	1,098.86
Brazil	8.90	589.15
South Africa	7.10	469.99
Taiwan	6.70	443.52
South Korea	5.80	383.94
Russia	4.70	311.12
Others*	14.00	926.75
Net Liquidity	2.50	165.49
<b>Total</b>	<b>100.00</b>	<b>6,619.64</b>

\*Includes other countries

**II Allocation by Industry**

Industry	As at 31 Dec 2017	
	% of NAV	MV USD mil
Financials	31.40	2,078.57
Information Technology	29.20	1,932.94
Consumer Discretionary	17.30	1,145.20
Consumer Staples	10.90	721.54
Industrials	4.30	284.64
Materials	2.00	132.39
Energy	1.70	112.53
Utilities	0.70	46.34
Net Liquidity	2.50	165.49
<b>Total</b>	<b>100.00</b>	<b>6,619.64</b>

**III Allocation of Debt Securities by Credit Ratings**

As at 31 Dec 2017

N.A.

**IV Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
Tencent	7.07	468.01
Alibaba	4.96	328.33
Samsung Electronics	4.55	301.19
Taiwan Semiconductor Manufacturing Company	4.52	299.21
AIA	4.16	275.38
HDFC Bank	4.13	273.39
Ping An Insurance	3.83	253.53
Sberbank of Russia OJSC	3.73	246.91
Housing Development Finance	3.68	243.60
Tata Consultancy Services	2.26	149.60

**V Exposure to Derivatives**

**As at 31 Dec 2017**

N.A.

**VI Borrowings of Net Asset Value**

**As at 31 Dec 2017**

N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Global Emerging Markets Equity Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	1.82%	1.80%
Turnover Ratio	6.89%	25.25%

\*Based on unaudited figure as at 30 Sep 2017 as the expense ratio of JPMorgan Funds – Emerging Markets Equity Fund (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**

N.A.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 164.

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**HSBC Insurance Global Equity Portfolio Fund (USD)**

**Fund Objective**

The Fund aims to provide long term total return by investing in a portfolio of developed market equities.

Invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in or are listed on a Regulated Market in, developed markets such as OECD countries. The Underlying Sub-Fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

**FUND FACTS**

Underlying Sub-Fund	HSBC Global Investment Funds – Economic Scale Global Equity Fund (USD)
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk	N.A.
Classification	
As at 31 Dec 2017	
Offer Price	USD 1.27312
Bid Price	USD 1.27312
Fund Size	USD 0.71 mil
Units in Issue	0.56 mil

**Investment and Market Review ^**

In the 2H17 the global equity markets continued to make a solid gain amid easing geopolitical concerns, strong economic data releases and solid corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee (FOMC) raised the interests by 0.25% at its December meeting.

Over the interim period, the fund outperformed its market cap weighed index. While our asset allocation contributed to the performance largely in line with the benchmark, our stock selection contributed to performance.

On a sector basis, our underweight allocations to Health Care and Real Estate coupled with our overweight exposures to Consumer Discretionary and Industrials contributed to performance. Conversely, an underweight exposure to IT coupled with our overweight allocations to Telecommunication Services and Utilities weighed on performance.

On a country basis, our overweight allocations to Japan and Netherlands coupled with an underweight exposure to Switzerland contributed to performance. Conversely, an overweight allocation to US coupled with our overweight exposures to France, Germany and Spain weighed on performance.

At the stock level, overweighting Wal-Mart Stores Inc. (Consumer Staples, USA), Volkswagen AG (Consumer Discretionary, Germany) and Fiat Chrysler Automobiles (Consumer Discretionary, UK) yielded the most positive contributions. Conversely, underweighting Apple Inc. (Information Technology, USA) and Amazon.com Inc. (Consumer Discretionary, USA) coupled with overweighting General Electric Co. (Industrials, USA) weighed on performance.

**Market Outlook and Investment Strategy ^**

There is no change in terms of portfolio construction. The HSBC Economic Scale Equity Strategy is designed to give investors exposure to the equity risk premium while harnessing systematic rebalancing to deliver an excess return, over traditional market-cap weighted indices.

Global economic growth momentum remains solid, driving global equity markets to deliver positive returns over the long term. Episodic volatility may be triggered by concerns surrounding Chinese growth, US economic policy, and/or a potentially more rapid than expected Fed or ECB tightening cycle, coupled with political risks.

^ Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Portfolio Fund (USD)	5.66	10.29	20.84	N.A.	N.A.	N.A.	27.31
Benchmark*	5.57	11.04	22.32	N.A.	N.A.	N.A.	30.12

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global Equity Portfolio Fund (USD)	N.A.	N.A.	N.A.	23.17
Benchmark*	N.A.	N.A.	N.A.	25.50

\*Benchmark Details:

Inception to October 2017 - HSBC Economic Scale Index World

From October 2017 onwards - MSCI World Net

<sup>^</sup>Inception Date: 03 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Investment Funds - Economic Scale Global Equity Fund (USD)	100.00	0.71
<b>Total</b>	<b>100.00</b>	<b>0.71</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	425,094
Redemption	3,081

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Economic Scale Global Equity Fund(USD))

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
United States	45.25	78.13
Japan	12.78	22.07
United Kingdom	8.09	13.97
Germany	6.68	11.53
France	6.62	11.43
Canada	2.61	4.50
Switzerland	2.37	4.09
Spain	2.18	3.76
Others*	12.29	21.25
Cash	1.13	1.95
<b>Total</b>	<b>100.00</b>	<b>172.68</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
<b>Industry</b>		
Industrials	17.14	29.57
Financials	16.68	28.81
Consumer Discretionary	15.24	26.32
Consumer Staples	9.76	16.86
Information Technology	8.91	15.39
Health Care	7.57	13.08
Energy	6.58	11.36
Materials	5.73	9.90
Telecommunication Services	5.62	9.70
Utilities	3.98	6.88
Real Estate	1.66	2.86
Cash	1.13	1.95
<b>Total</b>	<b>100.00</b>	<b>172.68</b>

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>
N.A.	

<b>IV Top Ten Holdings of Underlying Sub- Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
Wal-Mart Stores Inc	1.81	3.12
General Electric Co	1.10	1.90
AT&T Inc	0.91	1.58
Exxon Mobil Corp	0.82	1.42
Volkswagen AG	0.80	1.39
Royal Dutch Shell PLC	0.79	1.36
Wells Fargo & Co	0.73	1.26
Apple Inc	0.68	1.17
JP Morgan Chase & Co	0.67	1.15
Bank of America Corp	0.60	1.03

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	0.88%
Market value (USD)	1,522,058
Realised Gains / (Losses) (USD)	128,172
Unrealised Gains / (Losses) (USD)	17,873

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
N.A.	

#### **D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Global Equity Portfolio Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	0.98%	0.95%
		<b>As at 31-Dec-17</b>
Turnover Ratio	1.25%	48.46%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds - Economic Scale Global Equity Fund (USD) for the financial year ended 31 Dec 2017 is not available.

#### **II Related-Party Transactions**

HSBC Insurance Global Equity Portfolio Fund (USD) invests USD0.71 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds - Economic Scale Global Equity Fund (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD670.

#### **III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

#### **IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

#### **E) Financial Statements**

Refer to page 165.

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**HSBC Insurance Global Equity Volatility Focused Fund (USD)**

**Fund Objective**

HSBC Insurance Global Equity Volatility Focused Fund (USD) aims to provide long term total return by investing in a portfolio of equities worldwide. The Fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies domiciled or operating in both developed markets, such as OECD countries, and Emerging Markets. It may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs"). Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the HSBC Global Investment – Global Equity Volatility Focused (USD).

**FUND FACTS**

Underlying Sub-Fund	HSBC Global Investment Funds – Global Equity Volatility Focused Fund (USD)
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	USD 1.15933
Bid Price	USD 1.15933
Fund Size	USD 0.01 mil
Units in Issue	0.01 mil

**Investment and Market Review ^**

In the 2H17 the global equity markets continued to make solid gains amid easing geopolitical concerns, strong economic data releases and corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee raised the Fed funds target range by 25bp at its December meeting.

The fund delivered solid absolute returns during the period. However sector and country allocation is residual to the stock selection process and was negative. Underweight positions in IT, Materials and the US were the largest detractors, whilst an overweight position in HK and underweight Utilities contributed.

At stock level, the main detractors included Everest Re, which fell along with other re-insurers in the wake of Harvey and Irma Hurricanes. Negative momentum continued following the company's announcement of Q3 losses driven by the effects of the various catastrophes in the quarter. Additionally, Centrica came under pressure following both a profit warning and the decision to implement a price cap in the energy supply market.

Contributors to relative performance included Rockwell Collins, which rose sharply following press reports of an acquisition offer from United Technologies. Furthermore, Home Depot advanced after reporting positive results which showed an increase in sales versus the previous year, fueled by a combination of a strong US housing market, pick-up in housing formation and market share gains. The company also benefited from US tax cuts, which will likely stimulate consumer spending further.

**Market Outlook and Investment Strategy ^**

Global economic growth momentum remains solid, driving global equity markets to deliver positive returns over the long term. Overall, support from still loose accommodative monetary policy and an increased willingness for looser fiscal policy will, in the medium and longer term, likely outweigh any headwinds from more modest Chinese growth, tighter US and Eurozone monetary policy, and political uncertainty in many regions. While volatility appears benign, investors should not be complacent. Episodic volatility may be triggered by concerns surrounding Chinese growth, uncertainty around US economic policy, and/or a potentially more rapid than expected Fed tightening cycle, coupled with political risks. A notable and persistent deterioration of the global economic outlook could also dampen our view.

Your equity portfolio aims to deliver diversified global equity exposure with lower volatility. Lower volatility can offer a smoother performance pattern that can help investors stay invested and capture long-term returns. The portfolio aims to invest in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. These stocks are combined with an aim to deliver a portfolio with lower volatility.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	<b>3-Mth</b>	<b>6-Mth</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>Since Inception<sup>^</sup></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
HSBC Insurance Global Equity Volatility Focused Fund (USD)	5.98	7.78	N.A.	N.A.	N.A.	N.A.	15.93
Benchmark*	5.73	11.21	N.A.	N.A.	N.A.	N.A.	22.40

**II Average Annual Compounded Returns**

	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>Since Inception<sup>^</sup></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
HSBC Insurance Global Equity Volatility Focused Fund (USD)	N.A.	N.A.	N.A.	16.12
Benchmark*	N.A.	N.A.	N.A.	22.67 <sup>^</sup>

\*MSCI AC World Net

<sup>^</sup>Inception Date: 04 Jan 2017

**B) Fund Disclosure**

**I Allocation by Asset Class**

<b>Asset Class</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
HSBC Global Investment Funds – Global Equity Volatility Focused (USD)	100.00	0.01
<b>Total</b>	<b>100.00</b>	<b>0.01</b>

**II Fund Movement**

**(01 Jul 2017 - 31 Dec 2017)**

	<b>USD</b>
Subscription	18,075
Redemption	19,115

**C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Global Equity Volatility Focused (USD))**

**I Allocation by Country**

<b>Country</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
United States	41.35	70.81
United Kingdom	13.11	22.45
Japan	12.65	21.67
China	4.93	8.44
France	4.57	7.82
Germany	4.50	7.71
Switzerland	2.92	5.00
Italy	2.53	4.34
Others*	10.36	17.72
Cash	3.08	5.28
<b>Total</b>	<b>100.00</b>	<b>171.24</b>

\*Includes other countries

Industry	As at 31 Dec 2017	
	% of NAV	MV USD mil
Financials	21.43	36.67
Information Technology	17.34	29.69
Industrials	13.72	23.50
Health Care	10.39	17.80
Consumer Discretionary	10.28	17.61
Consumer Staples	10.09	17.28
Energy	5.49	9.40
Materials	3.29	5.63
Telecommunication Services	2.73	4.68
Utilities	1.72	2.94
Real Estate	0.44	0.76
Cash	3.08	5.28
<b>Total</b>	<b>100.00</b>	<b>171.24</b>

III Allocation of Debt Securities by Credit Ratings	As at 31 Dec 2017	
N.A.		

IV Top Ten Holdings of Underlying Fund	As at 31 Dec 2017	
	% of NAV	MV USD mil
Home Depot Inc	2.35	4.02
Compass Group PLC	2.24	3.84
Mitsubishi UFJ Financial Grp Inc	2.18	3.73
Apple Inc	2.17	3.71
Kao Corp	2.15	3.69
Johnson & Johnson	2.15	3.69
Bank of America Corp	2.15	3.68
3M Co	2.14	3.66
Cisco Systems Inc	2.12	3.63
Phillips 66	2.06	3.53

V Exposure to Derivatives	As at 31 Dec 2017	
% of NAV		3.04%
Market value (USD)		5,212,229
Realised Gains / (Losses) (USD)		57,742
Unrealised Gains / (Losses) (USD)		7,176

VI Borrowings of Net Asset Value	As at 31 Dec 2017	
N.A.		

#### D) Other Disclosure Items

##### I Expense/Turnover Ratios

	HSBC Insurance Global Equity Volatility Focused Fund (USD)	Underlying Sub-Fund
	As at 31-Dec-17	As at 30-Sep-17*
Expense Ratio	1.89%	1.86%
Turnover Ratio	152.47%	54.02%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global Equity Volatility Focused (USD) for the financial year ended 31 Dec 2017 is not available.

##### II Related-Party Transactions

The HSBC Insurance Global Equity Volatility Focused Fund (USD) invests USD0.01 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Global Equity Volatility Focused (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD63.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**  
N.A.

**IV Soft Dollar Commission Arrangement**  
N.A.

**E) Financial Statements**  
Refer to page 165.

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**HSBC Insurance Global High Income Bond Fund (USD)**

**Fund Objective**

HSBC Insurance Global High Income Bond Fund (USD) invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies. This may include Investment Grade bonds, high yield bonds and Asian and Emerging Markets debt instruments. Fund investments are made by way of a feeder fund, which invests substantially all or all its assets in the HSBC Global Investment Funds – Global High Income Bond Hedge Fund (USD).

**FUND FACTS**

Underlying Sub-Fund	HSBC Global Investment Funds – Global High Income Bond Hedge Fund (USD)
Fund Manager	HSBC Global Asset Management (Singapore) Limited
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	USD 1.05576
Bid Price	USD 1.05576
Fund Size	USD 0.34 mil
Units in Issue	0.32 mil

**Investment and Market Review ^**

Global risk assets continued to rally in the 2H17 driven by a continued favorable global growth scenario, the passing of US tax reform as well as continued strong economic data. Credit saw some dispersion in spreads by region and credit quality but overall global spreads tightened supported by a continued favorable environment for credit. The UST curve flattened further with the 2 year rising 50 bps to 1.88%, the 10 year rising 11 bps to 2.41% while the 30 year fell 9 bps to 2.74%. Oil continued to rally over the month with Brent Crude moving from \$63.57 to \$66.87 p/barrel as OPEC members agreed on extending supply cuts through 2018.

The strategy slightly under performed the reference benchmark over the period. Regional allocations weighed on relative performance with underweights to Europe and EM which were the two best performing regions and overweights to US HY and ABS which underperformed. Credit selection was positive for performance as all sleeves outperformed their reference benchmarks during the period.

**Market Outlook and Investment Strategy ^**

Regionally, the strategy is overweight the US at the expense of EUR and EM. Within USD bonds, the strategy is overweight the US BB sleeve and slightly underweight the US BBB sleeve. The strategy also has an off-benchmark position in ABS of 11.5%. In anticipation of a further rise in yields, we have maintained an overall underweight to duration relative to the benchmark which is currently 0.3 years. The main sector overweight is to financials predominantly through the USD BBB and EUR bonds where we still see value given their relatively strong fundamentals vs other sectors. The strategy is also overweight energy, mainly in USD and EM bonds. The main sector underweight is to communication taken through USD and EUR bonds where we remain cautious on tight valuations and event risk from potential M&A activity.

The current macro environment remains supportive for credit and the continued expectation of global growth in 2018 should allow credit metrics to improve further. Despite weaker balance sheets across some sectors, globally, credit fundamentals have been stabilizing and default rates are low. Most corporate markets are moderately expensive but modest global growth has been supportive for current spread levels. Globally, corporate spreads are compressed and likely to remain so for the foreseeable future. US investment grade and high yield spreads may be more volatile given fuller valuations. In Europe, we expect investment grade spreads to be relatively stable while high yield yields look more stretched in a global context.

^ Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Global High Income Bond Fund (USD)	0.42	1.93	5.66	N.A.	N.A.	N.A.	5.58
Benchmark*	0.95	2.96	7.51	N.A.	N.A.	N.A.	6.78

### II Average Annual Compounded Returns

	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)
HSBC Insurance Global High Income Bond Fund (USD)	N.A.	N.A.	N.A.	4.78
Benchmark*	N.A.	N.A.	N.A.	5.81

\*35% EMD Barclays Emerging Markets USD Index +20% Barcap U.S Corp Baa + 15% Barcap US High Yield Ba + 15% BarCap EuroAgg Corporate BaaUSD Hedged + 15% BarCap Euro HY BB Rating Only USD Hedged.

<sup>^</sup>Inception Date: 02 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Investment Funds – Global High Income Bond (USD)	100.00	0.34
<b>Total</b>	<b>100.00</b>	<b>0.34</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	209,436
Redemption	6,607

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds – Global High Income Bond (USD))

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
United States	35.19	801.49
France	4.46	101.62
United Kingdom	4.13	94.09
China	3.75	85.40
Germany	3.30	75.16
Cayman Islands	3.00	68.23
Italy	2.84	64.72
Brazil	2.82	64.13
Others*	38.21	870.40
Cash	2.30	52.48
<b>Total</b>	<b>100.00</b>	<b>2,277.72</b>

\*Includes other countries

<b>II Allocation by Industry</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
<b>Industry</b>		
Financial Institutions	23.68	539.41
Sovereign	11.65	265.46
Agencies	10.16	231.40
Communications	7.63	173.73
Energy	7.25	165.17
Basic Industry	6.33	144.16
Consumer Cyclical	6.14	139.82
CMBS	5.02	114.42
ABS	4.86	110.77
Consumer Non-cyclical	4.65	105.85
Others*	10.33	235.05
Cash	2.30	52.48
<b>Total</b>	<b>100.00</b>	<b>2,277.72</b>

\*Includes other industries

<b>III Allocation of Debt Securities by Credit Ratings</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
<b>Rating</b>		
AAA	0.67	14.84
AA	1.07	24.39
A	10.32	235.14
BBB	39.08	890.21
BB	27.99	637.50
B	12.23	278.67
CCC	0.22	4.96
CC	0.01	0.32
D	0.20	4.64
Unrated	5.91	134.57
Cash	2.30	52.48
<b>Total</b>	<b>100.00</b>	<b>2,277.72</b>

<b>V Top Ten Holdings of Underlying Sub-Fund</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
Ineos Group Holdings SA 5.375 8/1/2024	0.43	9.98
Argentina (Republic of) 6.875 4/22/2021	0.42	9.47
Republic of Indonesia 4.125 1/15/2025	0.41	9.37
Turkey (Republic of) 4.875 10/9/2026	0.38	8.70
Ente Nazionale Per L'energi 5.000 1/15/2020	0.36	8.17
Snam Spa 1.250 1/25/2025	0.36	8.13
Unicredito Italiano Spa 2.125 10/24/2026	0.35	8.02
Colombia (Republic of) 3.875 4/25/2027	0.35	7.89
ABN Amro Bank NV 7.125 7/6/2022	0.35	7.88
Italgas Spa 1.125 3/14/2024	0.34	7.72

<b>V Exposure to Derivatives</b>	<b>As at 31 Dec 2017</b>
% of NAV	4.22%
Market value (USD)	96,011,893
Realised Gains / (Losses) (USD)	(1,318,017)
Unrealised Gains / (Losses) (USD)	(359,152)

<b>VI Borrowings of Net Asset Value</b>	<b>As at 31 Dec 2017</b>
Use of borrowing in % of Fund Total Net Asset	(0.20%)

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Global High Income Bond Fund (USD) As at 31-Dec-17</b>	<b>Underlying Sub-Fund As at 30-Sep-17* As at 31-Dec-17</b>
Expense Ratio	1.53%	1.50%
Turnover Ratio	3.85%	65.34%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds – Global High Income Bond (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**

The HSBC Insurance Global High Income Bond Fund (USD) invests USD0.34 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds – Global High Income Bond (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD562.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 165.

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## HSBC Insurance India Equity Fund (USD)

### Fund Objective

HSBC Insurance India Equity Fund (USD) seeks long-term capital growth through a diversified portfolio of investments in equity and equity-equivalent securities of companies registered in, and/or with an official listing on a major stock exchange or other regulated market of India, as well as those with significant operations in India. Fund investments are made by way of a feeder fund through the HSBC Global Investment Funds - Indian Equity (USD).

### Investment and Market Review ^

The GIF Indian Equity Fund rose 10.55% over first six months ending December 31 2017 (in SGD terms), while its benchmark, the S&P IFCI/India Gross Index rose by 13.44% over the same period. The period started strongly in July helped by strong flows, encouraging monsoons, expectation of a policy rate cut and upbeat sentiment aided by the landmark GST reform implementation. The GST roll-out, however, had a negative effect on consumer staples and healthcare caused by some complications and destocking effects for distributors of consumer and healthcare products. The size of the long awaited recapitalisation plan for Indian public sector banks surprised on the upside. The Government also unveiled a mega road construction project with the outlay pegged at USD59 bn. In November, Moody's announced India's rating (local and foreign currency issuer ratings) moved a notch higher to Baa2 with a stable outlook from Baa3 earlier. The performance of the market in December was surprisingly resilient given concerns over rising inflation and fiscal slippage brought on by lower than expected revenues from GST.

The fund underperformed the index mainly due to detracting stock selection in technology and consumer sectors. Stock selection was strong in industrials and materials.

### Market Outlook and Investment Strategy ^

Our portfolio strategy remains broadly unchanged and is backed by our thesis that finally, albeit gradually, the Indian economy is on a cyclical upturn path. The recovery process is gathering steam and will get a big boost from falling interest rates, the benefits of which are yet to percolate through the economy. The government's actions have been supportive and decisive, though not always implemented as expected and we have tried to build this into our base case analysis. We continue to remain overweight consumer discretionary names that will benefit from falling interest rates and improving urban incomes. In financials, we favour private banks with exposure to the infrastructure sector and select well-capitalised public sector banks. We are also exposed to housing finance companies which are likely beneficiaries of this year's budget focus on affordable housing. We are also overweight industrials which we expect to slowly benefit from the pick-up in investment cycle.

^ Source: HSBC Global Asset Management (HK) Limited

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>^</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance India Equity Fund (USD)	12.54	13.84	38.21	N.A.	N.A.	N.A.	30.36
Benchmark*	12.74	16.87	45.32	N.A.	N.A.	N.A.	35.66

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception <sup>^</sup> (%)
HSBC Insurance India Equity Fund (USD)	N.A.	N.A.	N.A.	25.64
Benchmark*	N.A.	N.A.	N.A.	30.02

\* S&P / IFCI India Gross

<sup>^</sup>Inception Date: 02 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Investment Funds - Indian Equity Fund (USD)	100.00	0.30
<b>Total</b>	<b>100.00</b>	<b>0.30</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	203,903
Redemption	2,626

## C) Underlying Fund Disclosure (HSBC Global Investment Funds - Indian Equity Fund (USD))

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
India	99.59	1,875.31
Cash	0.41	7.67
<b>Total</b>	<b>100.00</b>	<b>1,882.98</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV USD mil
Financials	33.60	632.74
Consumer Discretionary	17.18	323.41
Materials	12.94	243.71
Information Technology	9.52	179.33
Industrials	8.10	152.51
Energy	6.19	116.65
Consumer Staples	5.30	99.85
Health Care	2.97	55.87
Utilities	2.79	52.58
Real Estate	0.89	16.68
<b>Total</b>	<b>100.00</b>	<b>1,882.98</b>

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV USD mil
Infosys Ltd	6.39	120.21
HDFC Bank Ltd	6.38	120.10
Maruti Suzuki India Ltd	5.57	104.93
ICICI Bank Ltd	5.32	100.26
Axis Bank Ltd	4.71	88.68
Housing Development Finance Corp	3.92	73.82
ITC Ltd	3.79	71.45
Vedanta Ltd	3.62	68.16
Grasim Industries Ltd	3.51	66.09
Tata Motors Ltd	3.42	64.33

**V Exposure to Derivatives** **As at 31 Dec 2017**  
N.A.

**VI Borrowings of Net Asset Value** **As at 31 Dec 2017**  
N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance India Equity Fund (USD) As at 31-Dec-17</b>	<b>Underlying Sub-Fund</b>
Expense Ratio	1.92%	<b>As at 30-Sep-17*</b> 1.90%
Turnover Ratio	211.34%	<b>As at 31-Dec-17</b> 17.77%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds - Indian Equity Fund (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**

The HSBC Insurance India Equity Fund (USD) invests USD0.30 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds - Indian Equity Fund (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD406.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**  
N.A.

**IV Soft Dollar Commission Arrangement**

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

**E) Financial Statements**

Refer to page 166.

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## HSBC Insurance Pacific Equity Fund (USD)

### Fund Objective

HSBC Insurance Pacific Equity Fund (USD) aims to provide holders with medium to long-term capital growth from a diversified portfolio of Asian-Pacific equities excluding Japanese equities. Fund investments are made by way of a feeder fund, which invests substantially all, or all its assets in the Aberdeen Select Portfolio – Aberdeen Pacific Equity Fund (USD)

### Investment and Market Review ^

Asian equities rose by more than 14% in USD over the review period, despite the occasional wobbles

caused by geopolitical uncertainty. A synchronised worldwide economic recovery, resurgent earnings and subdued inflation buoyed markets. Global financial conditions also proved supportive, with the Fed raising rates gradually and continued QE in Europe and Japan.

Our underweight to China detracted from performance as mainland markets outpaced the region on a stabilising economy, and a sharp rally in internet stocks. Our underweight in Tencent also hurt performance. Its shares surged 40%, as it continued to deliver solid results. While we have been increasing our exposure to Tencent, it remains an underweight position relative to the benchmark.

In HK, Jardine Strategic remained under pressure from concerns over heightened competition in its automotive business in Indonesia, while Swire Pacific continued to be weak amid the restructuring of its airline business and cyclical challenges for its marine segment.

Conversely, the fund's positioning in Australia contributed significantly to performance. We benefited from being underweight the market, which posted lower returns as compared to most regional peers. From a stock perspective, we gained from not holding the big four local banks, which were buffeted by regulatory headwinds. The government recently announced a royal commission to review misconduct in the sector, which weighed on their share prices. Earlier in the year, the banks were hurt by uncertainty over potentially tougher capital requirements.

### Market Outlook and Investment Strategy ^

After a bumper year there is a sense that equity markets may be due for a pullback. Yet the current backdrop appears sustainable. The world economy is at its healthiest in years, with Asia expected to continue boosting global growth. Inflation is subdued. Global monetary policy remains loose even though some central banks are withdrawing stimulus. Policymakers are vigilant to the risks of tightening too quickly and are likely to take a gradual approach to minimise market disruption. Meanwhile, corporate earnings are on the rise, driven by improving sales and margins. Valuations appear reasonable in view of projected earnings growth. In terms of strategy, we remain focused on quality and value – paring our holdings on strength, adding to them on weakness or initiating new names with compelling valuations and intact long-term growth drivers.

^ Source: Aberdeen Asset Management Asia Limited

## FUND FACTS

Underlying Sub-Fund	Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund (USD)
Fund Manager	Aberdeen Asset Management Asia Limited
Launch Date	17 Oct 2016
CPFIS/SRS	SRS
CPFIS Risk Classification	N.A.
As at 31 Dec 2017	
Offer Price	USD 1.25352
Bid Price	USD 1.25352
Fund Size	USD 1.20 mil
Units in Issue	0.96 mil

## A) Fund Performance

### I Cumulative Total Returns

	3-Mth	6-Mth	1-Year	3-Year	5-Year	10-Year	Since Inception <sup>A</sup>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance Pacific Equity Fund (USD)	6.67	9.66	31.86	N.A.	N.A.	N.A.	25.35
Benchmark*	7.98	14.50	37.32	N.A.	N.A.	N.A.	34.24

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance Pacific Equity Fund (USD)	N.A.	N.A.	N.A.	21.47
Benchmark*	N.A.	N.A.	N.A.	28.85

\*MSCI AC Asia Pacific ex Japan TR USD

^Inception Date: 02 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund (USD)	100.00	1.20
<b>Total</b>	<b>100.00</b>	<b>1.20</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	807,951
Redemption	-

## C) Underlying Sub-fund Disclosure (Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund (USD))

### I Allocation by Country

	As at 30 Sep 2017†	
Country	% of NAV	MV USD mil
Singapore	15.80	176.81
China	13.57	151.82
Hong Kong	12.58	140.81
India	11.70	130.97
United Kingdom	9.20	102.97
South Korea	8.21	91.82
Taiwan	5.28	59.04
Indonesia	5.04	56.43
Others*	16.15	180.76
Cash	2.47	27.62
<b>Total</b>	<b>100.00</b>	<b>1,119.05</b>

\*Includes other countries

### II Allocation by Industry

	As at 30 Sep 2017†	
Industry	% of NAV	MV USD mil
Unit Trusts	30.98	346.64
Financials	20.76	232.27
Information Technology	11.83	132.41
Materials	7.93	88.74
Real Estate	7.85	87.88
Industrials	7.33	82.04
Telecommunication Services	4.94	55.29
Healthcare	2.11	23.61
Consumer Staples	1.75	19.53
Consumer Discretionary	1.72	19.29
Energy	0.33	3.73
Cash	2.47	27.62
<b>Total</b>	<b>100.00</b>	<b>1,119.05</b>

### III Allocation of Debt Securities by Credit Ratings

As at 30 Sep 2017†

N.A.

†Based on audited figures as at 30 Sep 2017 as the unaudited figures as at 31 Dec 2017 are not available.

**IV Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 30 Sep 2017†</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
Aberdeen Global – Indian Equity Fund^	8.30	92.87
Aberdeen Singapore Equity Fund	7.23	80.92
Aberdeen China Opportunities Fund	7.02	78.60
Samsung Electronics (Preference Shares)	4.59	51.33
Taiwan Semiconductor Manufacturing Company	3.84	42.98
Aberdeen Indonesia Equity Fund	3.37	37.74
Aberdeen Thailand Equity Fund	3.27	36.64
AIA Group	3.13	35.05
Jardine Strategic Holdings	2.87	32.09
Rio Tinto	2.51	28.14

^ The underlying fund is not authorized for public sale in Singapore

**V Exposure to Derivatives**

**As at 30 Sep 2017†**

N.A.

**VI Borrowings of Net Asset Value**

**As at 30 Sep 2017†**

N.A.

†Based on audited figures as at 30 Sep 2017 as the unaudited figures as at 31 Dec 2017 are not available.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance Pacific Equity Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	1.69%	1.67%
Turnover Ratio	1.93%	15.43%

\*Based on the audited figures as at 30 Sep 2017 as the expense and turnover ratios of Aberdeen Select Portfolio - Aberdeen Pacific Equity Fund (USD) for the financial year ended 31 Dec 2017 are not available.

**II Related-Party Transactions**

Cash balances maintained with HSBC Bank as at 31 Dec 2017 amounts to S\$729.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 166.

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**HSBC Insurance US Equity Portfolio Fund (USD)**

**FUND FACTS**

**Fund Objective**

The Fund aims to provide long term total return by investing in a portfolio of US equities.

Invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in or are listed on a Regulated Market in, the United States of America. The Underlying Sub-Fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

Underlying Sub-Fund HSBC Global Investment Funds – Economic Scale US Equity Fund (USD)

Fund Manager HSBC Global Asset Management (Singapore) Limited

Launch Date 17 Oct 2016  
CPFIS/SRS SRS  
CPFIS Risk N.A.

As at 31 Dec 2017

Offer Price	USD	1.26416
Bid Price	USD	1.26416
Fund Size	USD	0.42 mil
Units in Issue		0.34 mil

**Investment and Market Review ^**

In the 2H17 the US equity market continued its rally amid positive economic data releases and solid corporate earnings growth. US congress passed its tax reform bill in arguably the biggest overhaul of the US tax system since the 1980s. As expected, the Federal Open Market Committee (FOMC) raised the interest rates by 0.25% at its December meeting.

Over the interim period, the fund underperformed its market cap weighed index. Both our sector allocation and stock selection weighed on performance.

On a sector basis, an overweight allocation to Energy coupled with our underweight exposures to Health Care, Utilities and Real Estate contributed to performance. Conversely, an underweight allocation to IT coupled with our overweight exposures to Consumer Staples and Industrials weighed on performance.

At the stock level, overweighting Wal-Mart Stores Inc. (Consumer Staples, USA) and Hertz Global Holdings Inc. (Industrials) coupled with underweighting Celgene Corp. (Health Care) yielded the most positive contributions. Conversely, underweighting Apple Inc. (Information Technology) and Microsoft Corp. (Consumer Discretionary) coupled with overweighting General Electric Co. (Industrials) weighed on performance.

**Market Outlook and Investment Strategy ^**

There are no changes in terms of portfolio construction. The HSBC Economic Scale Equity Strategy is designed to give investors exposure to the equity risk premium while harnessing systematic rebalancing to deliver an excess return, over traditional market-cap weighted indices.

US equities have been resilient in the face of Fed policy normalisation and supported by historically low volatility. Relatively high current valuations lead to an implied risk premium that is lower than in many other developed markets. A more rapid than expected tightening of Fed policy also poses risks.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	<b>3-Mth</b>	<b>6-Mth</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>Since Inception<sup>A</sup></b>
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
HSBC Insurance US Equity Portfolio Fund (USD)	6.52	10.51	14.95	N.A.	N.A.	N.A.	26.42
Benchmark*	6.07	10.15	16.24	N.A.	N.A.	N.A.	27.96

## II Average Annual Compounded Returns

	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception^ (%)
HSBC Insurance US Equity Portfolio Fund (USD)	N.A.	N.A.	N.A.	22.36
Benchmark*	N.A.	N.A.	N.A.	23.65

\* Benchmark Details:

Inception to October 2017 - HSBC Economic Scale US Net

From October 2017 onwards - S&P 500 Net

^Inception Date: 02 Nov 2016

## B) Fund Disclosure

### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Investment Funds - Economic Scale US Equity Fund (USD)	100.00	0.42
<b>Total</b>	<b>100.00</b>	<b>0.42</b>

### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	245,394
Redemption	5,105

## C) Underlying Sub-Fund Disclosure (HSBC Global Investment Funds - Economic Scale US Equity Fund (USD))

### I Allocation by Country

Country	As at 31 Dec 2017	
	% of NAV	MV USD mil
United States	98.01	939.22
Cash	1.99	19.06
<b>Total</b>	<b>100.00</b>	<b>958.28</b>

### II Allocation by Industry

Industry	As at 31 Dec 2017	
	% of NAV	MV USD mil
Industrials	16.42	157.26
Consumer Discretionary	16.21	155.37
Financials	13.97	133.89
Information Technology	13.70	131.24
Consumer Staples	10.32	98.89
Health Care	8.91	85.42
Energy	7.18	68.85
Materials	3.89	37.32
Telecommunication Services	3.37	32.30
Real Estate	2.22	21.27
Utilities	1.82	17.41
Cash	1.99	19.06
<b>Total</b>	<b>100.00</b>	<b>958.28</b>

### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.



#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV USD mil
Wal-Mart Stores Inc	3.14	30.16
General Electric Co	1.90	18.19
AT&T Inc	1.58	15.15
Exxon Mobil Corp	1.45	13.87
Wells Fargo & Co	1.27	12.15
Apple Inc	1.18	11.29
JP Morgan Chase & Co	1.16	11.10
Bank of America Corp	1.03	9.89
United Parcel Service Inc	1.00	9.56
Chevron Corp	0.92	8.81

#### V Exposure to Derivatives

	As at 31 Dec 2017
% of NAV	2.02%
Market value (USD)	19,332,900
Realised Gains / (Losses) (USD)	1,070,545
Unrealised Gains / (Losses) (USD)	198,133

#### VI Borrowings of Net Asset Value

	As at 31 Dec 2017
N.A.	

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance US Equity Portfolio Fund (USD) As at 31-Dec-17	Underlying Sub-Fund As at 30-Sep-17* As at 31-Dec-17
Expense Ratio	0.78%	0.75%
Turnover Ratio	4.96%	18.14%

\*Based on the audited figure as at 30 Sep 2017 as the expense ratio of HSBC Global Investment Funds - Economic Scale US Equity Fund (USD) for the financial year ended 31 Dec 2017 is not available.

#### II Related-Party Transactions

The HSBC Insurance US Equity Portfolio Fund (USD) invests USD\$0.42 million, equivalent to 100.00% of its net asset value in HSBC Global Investment Funds - Economic Scale US Equity Fund (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD267.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### IV Soft Dollar Commission Arrangement

The investment adviser and its connected persons of the fund have entered into soft commission arrangements with certain brokers, for which goods and services used to support the investment decision making process were received by it or its connected persons.

Soft Commission arrangements referred to herein relate solely to research services, defined as soft commissions by the Hong Kong Securities and Futures Commission that are utilized by the company.

The investment adviser or its connected persons do not make direct payment for these services, but transact and agree an amount of business with brokers on behalf of the sub-funds concerned. All transactions were entered into in the ordinary course of business and on normal commercial terms.

Commissions were paid by the company on these transactions. The goods and services utilized for the company include the following: research and advisory services, economic and political analysis, portfolio analysis, market analysis and investment related publications.

**E) Financial Statements**

Refer to page 166.

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**HSBC Insurance World Selection Funds (USD)**

<b>Fund Facts</b>	<b>HSBC Insurance World Selection 1 Fund (USD)</b>	<b>HSBC Insurance World Selection 3 Fund (USD)</b>	<b>HSBC Insurance World Selection 5 Fund (USD)</b>
Launch Date	17 Oct 2016	17 Oct 2016	17 Oct 2016
Fund Manager	HSBC Global Asset Management (Singapore) Limited		
Underlying Sub-Fund	HSBC Portfolios – World Selection 1 USD	HSBC Portfolios – World Selection 3 USD	HSBC Portfolios – World Selection 5 USD
CPFIS/SRS		SRS	
CPFIS Risk Classification		N.A.	

As at 31 Dec 2017

Offer Price	USD	1.05308	USD	1.13521	USD	1.21033
Bid Price	USD	1.05308	USD	1.13521	USD	1.21033
Fund Size	USD	0.07 mil	USD	0.18 mil	USD	0.20 mil
Units in Issue		0.07 mil		0.16 mil		0.17 mil

**Fund Objectives**

HSBC Insurance World Selection 1 Fund (USD) seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a low risk investment strategy.

HSBC Insurance World Selection 3 Fund (USD) seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a medium risk investment strategy.

HSBC Insurance World Selection 5 Fund (USD) seeks to provide capital growth through investment in a broad range of asset classes across global markets, consistent with a high risk investment strategy.

**Investment and Market Review ^**

Global equities moved higher over the review period amid strengthening global economic data, subdued inflation and positive corporate earnings. Key events included US congress passing its tax reform bill, in arguably the biggest overhaul of the US tax system since the 1980s, and another 0.25% increase to interest rates in the US. Bond markets have continued to react to the strong economic momentum. 10 year developed market government bond yields rose over the period (prices fell) in many regions. The 10 year UST yield rose from 2.27% to 2.41% reflecting the predicted gradual upward trajectory of US interest rates.

**Market Outlook and Investment Strategy ^**

With the US economy running at (or very close to) full capacity, fiscal stimulus will increase the upside potential for inflationary pressures developing. Together with the risk of faster than expected Fed policy tightening, this is an unfriendly backdrop for fixed income assets. We remain underweight in global government and EM hard currency bonds, neutral in global corporate and high yield bonds and overweight in EM local currency bonds where prospective returns look attractive. We expect equity markets to deliver positive returns over the long term. We maintain an overweight position in global equities to take advantage of the continued momentum, with regional overweight positions in EM, Japan and Europe. The portfolio's positioning was adjusted over the course of the period.

^ Source: HSBC Global Asset Management (HK) Limited

**A) Fund Performance**

**I Cumulative Total Returns**

	<b>3-Mth</b>	<b>6-Mth</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>Since Inception<sup>^</sup></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
HSBC Insurance World Selection 1 Fund (USD)*	1.48	2.84	N.A.	N.A.	N.A.	N.A.	5.31
HSBC Insurance World Selection 3 Fund (USD)*	2.69	5.64	11.83	N.A.	N.A.	N.A.	13.52
HSBC Insurance World Selection 5 Fund (USD)*	4.99	9.26	18.24	N.A.	N.A.	N.A.	21.03

**II Average Annual Compounded Returns**

	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>Since Inception<sup>^</sup></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
HSBC Insurance World Selection 1 Fund (USD)*	N.A.	N.A.	N.A.	5.74
HSBC Insurance World Selection 3 Fund (USD)*	N.A.	N.A.	N.A.	11.56
HSBC Insurance World Selection 5 Fund (USD)*	N.A.	N.A.	N.A.	18.52

\*These Funds do not have a benchmark due to the diverse range of asset classes; some do not have indices that meet the criteria for inclusion in a representative composite benchmark of being both investable and replicable.

<sup>^</sup>HSBC Insurance World Selection 1 Fund (USD) Inception Date: 27 Jan 2017

HSBC Insurance World Selection 3 Fund (USD) Inception Date: 03 Nov 2016

HSBC Insurance World Selection 5 Fund (USD) Inception Date: 15 Nov 2016

**HSBC Insurance World Selection 1 Fund (USD)**

**B) Fund Disclosure**

**I Allocation by Asset Class**

<b>Asset Class</b>	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
HSBC Portfolios - World Selection 1 (USD)	100.00	0.07
<b>Total</b>	<b>100.00</b>	<b>0.07</b>

**II Fund Movement**

**(01 Jul 2017 - 31 Dec 2017)**

	<b>USD</b>
Subscription	30,740
Redemption	-

**C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 1 (USD))**

**I Allocation by Country**

N.A., as the fund is a fund-of-funds. **As at 31 Dec 2017**

**II Allocation by Industry**

N.A., as the fund is a fund-of-funds. **As at 31 Dec 2017**

**III Allocation of Debt Securities by Credit Ratings**

N.A. **As at 31 Dec 2017**

#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Global Government Bond Strategy	24.54	121.30
HSBC Global Corporate Bond Strategy	12.09	59.76
HSBC FTSE All-World Index	10.91	53.93
HSBC GIF Global Government Bond	9.97	49.28
HSBC GIF Global Emerging Market Local Debt	7.85	38.80
HSBC Global Asset Backed Bond	5.00	24.72
HSBC GIF Global Corporate Bond	4.96	24.52
HSBC GIF Global High Yield Bond	4.65	22.99
Cash	4.12	20.37
HSBC GIF Global Real Estate Equity	4.00	19.77

#### V Exposure to Derivatives

	As at 31 Dec 2017	
% of NAV		3.86%
Market value (USD)		19,064,822
Realised Gains / (Losses) (USD)		530,659
Unrealised Gains / (Losses) (USD)		350,551

#### VI Borrowings of Net Asset Value

	As at 31 Dec 2017	
Use of borrowing in % of Fund Total Net Asset		(0.17%)

#### D) Other Disclosure Items

I Expense/Turnover Ratios	HSBC Insurance World Selection 1 Fund (USD)	Underlying Sub-Fund
	As at 31-Dec-17	As at 30-Sep-17*
Expense Ratio	1.66%	1.29%
Turnover Ratio	99.59%	As at 31-Dec-17 40.85%

\*Based on the audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 1 (USD) for the financial year ended 31 Dec 2017 is not available.

#### II Related-Party Transactions

The HSBC Insurance World Selection 1 Fund (USD) invests USD0.07 million, equivalent to 100.00% of its net asset value in HSBC Portfolios - World Selection 1 (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD8.

#### III Material Information that will adversely impact the valuation of the ILP sub-fund

N.A.

#### IV Soft Dollar Commission Arrangement

N.A.

#### E) Financial Statements

Refer to page 167.

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## HSBC Insurance World Selection 3 Fund (USD)

### B) Fund Disclosure

#### I Allocation by Asset Class

Asset Class	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC Portfolios - World Selection 3 (USD)	100.00	0.18
<b>Total</b>	<b>100.00</b>	<b>0.18</b>

#### II Fund Movement

(01 Jul 2017 - 31 Dec 2017)

	USD
Subscription	136,637
Redemption	21,500

### C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 3 (USD))

#### I Allocation by Country

As at 31 Dec 2017

N.A., as the fund is a fund-of-funds.

#### II Allocation by Industry

As at 31 Dec 2017

N.A., as the fund is a fund-of-funds.

#### III Allocation of Debt Securities by Credit Ratings

As at 31 Dec 2017

N.A.

#### IV Top Ten Holdings of Underlying Sub-Fund

	As at 31 Dec 2017	
	% of NAV	MV USD mil
HSBC FTSE All-World Index	19.78	167.07
HSBC Global Corporate Bond Strategy	10.23	86.41
HSBC American Index	9.26	78.21
HSBC GIF Global Emerging Market Local Debt	8.67	73.23
HSBC GIF Global Corporate Bond	5.69	48.06
HSBC GIF Global High Yield Bond	5.25	44.34
HSBC GIF Global Real Estate Equity	4.90	41.39
HSBC ESI Worldwide Equity ETF	4.61	38.94
HSBC GIF Global Emerging Markets Bond	4.47	37.76
Cash	3.12	26.35

#### V Exposure to Derivatives

As at 31 Dec 2017

% of NAV	2.37%
Market value (USD)	20,017,117
Realised Gains / (Losses) (USD)	959,899
Unrealised Gains / (Losses) (USD)	582,904

#### VI Borrowings of Net Asset Value

As at 31 Dec 2017

Use of borrowing in % of Fund Total Net Asset (0.04%)

### D) Other Disclosure Items

#### I Expense/Turnover Ratios HSBC Insurance World Selection 3 Fund (USD) Underlying Sub-Fund

	As at 31-Dec-17	As at 30-Sep-17*
Expense Ratio	1.71%	1.44%
Turnover Ratio	27.77%	28.64%

\*Based on the audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 3 (USD) for the financial year ended 31 Dec 2017 is not available.

**II Related-Party Transactions**

The HSBC Insurance World Selection 3 Fund (USD) invests USD0.18 million, equivalent to 100.00% of its net asset value in HSBC Portfolios - World Selection 3 (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD208.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 167.

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**HSBC Insurance World Selection 5 Fund (USD)**

**B) Fund Disclosure**

**I Allocation by Asset Class**

	<b>As at 31 Dec 2017</b>	
<b>Asset Class</b>	<b>% of NAV</b>	<b>MV USD mil</b>
HSBC Portfolios - World Selection 5 (USD)	100.00	0.20
<b>Total</b>	<b>100.00</b>	<b>0.20</b>

**II Fund Movement**

**(01 Jul 2017 - 31 Dec 2017)**

	<b>USD</b>
Subscription	132,460
Redemption	-

**C) Underlying Sub-Fund Disclosure (HSBC Portfolios - World Selection 5 (USD))**

**I Allocation by Country**

**As at 31 Dec 2017**

N.A., as the fund is a fund-of-funds.

**II Allocation by Industry**

**As at 31 Dec 2017**

N.A., as the fund is a fund-of-funds.

**III Allocation of Debt Securities by Credit Ratings**

**As at 31 Dec 2017**

N.A.

**IV Top Ten Holdings of Underlying Sub-Fund**

	<b>As at 31 Dec 2017</b>	
	<b>% of NAV</b>	<b>MV USD mil</b>
HSBC American Index	16.28	49.47
HSBC Worldwide Equity ETF	13.57	41.24
HSBC FTSE All-World Index	12.77	38.80
HSBC ESI Worldwide Equity ETF	8.11	24.64
iShares Core S&P 500	7.93	24.10
HSBC European Index	7.38	22.43
iShares Core MSCI Emerging Markets	5.51	16.74
HSBC GIF Global Real Estate Equity	4.84	14.71
HSBC GIF Global Emerging Market Local Debt	4.77	14.49
HSBC Japan Index	4.10	12.46

**V Exposure to Derivatives**

**As at 31 Dec 2017**

% of NAV	4.33%
Market value (USD)	13,145,322
Realised Gains / (Losses) (USD)	121,833
Unrealised Gains / (Losses) (USD)	182,065

**VI Borrowings of Net Asset Value**

**As at 31 Dec 2017**

N.A.

**D) Other Disclosure Items**

<b>I Expense/Turnover Ratios</b>	<b>HSBC Insurance World Selection 5 Fund (USD)</b>	<b>Underlying Sub-Fund</b>
	<b>As at 31-Dec-17</b>	<b>As at 30-Sep-17*</b>
Expense Ratio	1.76%	1.49%
Turnover Ratio	182.39%	25.21%

\*Based on audited figure as at 30 Sep 2017 as the expense ratio of HSBC Portfolios - World Selection 5 (USD) for the financial year ended 31 Dec 2017 is not available.



**II Related-Party Transactions**

The HSBC Insurance World Selection 5 Fund (USD) invests USD0.20 million, equivalent to 100.00% of its net asset value in HSBC Portfolios - World Selection 5 (USD), which is managed by HSBC Global Asset Management (Singapore) Ltd.

The management fees earned by HSBC Global Asset Management (Singapore) Ltd from 01 Jul 2017 to 31 Dec 2017 amounts to USD235.

**III Material Information that will adversely impact the valuation of the ILP sub-fund**

N.A.

**IV Soft Dollar Commission Arrangement**

N.A.

**E) Financial Statements**

Refer to page 167.

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The Statements of Assets and Liabilities and Capital and Income Accounts of the following Investment-Linked Funds are covered in this report:

HSBC Insurance Asia Equity Fund	HSBC Insurance Global Equity Volatility Focused Fund
HSBC Insurance Asia Focused Income Fund	HSBC Insurance Global High Income Bond Fund
HSBC Insurance Asian Bond Fund	HSBC Insurance Global Multi-Asset Fund
HSBC Insurance China Equity Fund	HSBC Insurance India Equity Fund
HSBC Insurance Chinese Equity Fund	HSBC Insurance Pacific Equity Fund
HSBC Insurance Emerging Markets Equity Fund	HSBC Insurance Premium Balanced Fund
HSBC Insurance Ethical Global Equity Fund	HSBC Insurance Singapore Bond Fund
HSBC Insurance Ethical Global Sukuk Fund	HSBC Insurance Singapore Equity Fund
HSBC Insurance Europe Dynamic Equity Fund	HSBC Insurance US Equity Portfolio Fund
HSBC Insurance Global Bond Fund	HSBC Insurance US Opportunities Equity Fund
HSBC Insurance Global Emerging Markets Bond Fund	HSBC Insurance World Selection 1 Fund
HSBC Insurance Global Emerging Markets Equity Fund	HSBC Insurance World Selection 3 Fund
HSBC Insurance Global Equity Fund	HSBC Insurance World Selection 5 Fund
HSBC Insurance Global Equity Portfolio Fund	

The Statements of Assets and Liabilities and Capital and Income Accounts of the following Investment-Linked Funds are covered in this report (Cont) :

HSBC Insurance Europe Dynamic Equity Fund (USD)	HSBC Insurance India Equity Fund (USD)
HSBC Insurance Global Emerging Markets Bond Fund (USD)	HSBC Insurance Pacific Equity Fund (USD)
HSBC Insurance Global Emerging Markets Equity Fund (USD)	HSBC Insurance US Equity Portfolio Fund (USD)
HSBC Insurance Global Equity Portfolio Fund (USD)	HSBC Insurance World selection 1 Fund (USD)
HSBC Insurance Global Equity Volatility Focused Fund (USD)	HSBC Insurance World Selection 3 Fund (USD)
HSBC Insurance Global High Income Bond Fund (USD)	HSBC Insurance World Selection 5 Fund (USD)

**Financial Statements**

	HSBC Insurance Asia Equity Fund S\$	HSBC Insurance Asia Focused Income Fund S\$	HSBC Insurance Asian Bond Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	109,591,277	1,532,230	31,649,928
Amounts received by the Fund for creation of units	5,925,561	9,093,877	2,282,917
Amounts paid by the Fund for liquidation of units	(10,482,554)	(429,711)	(4,097,415)
Net cash into/(out of) Fund	(4,556,993)	8,664,166	(1,814,498)
Unrealised appreciation/(diminution) in value of investments	9,948,819	112,293	121,772
Gain/(Loss) on sale of investments	3,130,448	31,044	363,491
Management fees	(861,491)	(19,248)	(155,799)
Other expenses	(21,509)	(577)	(5,835)
Increase/(Decrease) in net asset value for the period	7,639,274	8,787,678	(1,490,869)
<b>Value of Fund as at 31 December 2017</b>	<b>117,230,551</b>	<b>10,319,908</b>	<b>30,159,059</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	117,227,505	10,314,155	30,164,150
Other debtors	366,419	20,930	52,965
Total assets	117,593,924	10,335,085	30,217,115
<u>Liabilities</u>			
Other creditors	(363,373)	(15,177)	(58,056)
<b>Value of Fund as at 31 December 2017</b>	<b>117,230,551</b>	<b>10,319,908</b>	<b>30,159,059</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance China Equity Fund	HSBC Insurance Chinese Equity Fund	HSBC Insurance Emerging Markets Equity Fund
	S\$	S\$	S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	105,003,413	1,473,364	37,315,840
Amounts received by the Fund for creation of units	5,181,540	2,455,830	1,923,196
Amounts paid by the Fund for liquidation of units	(13,104,562)	(233,331)	(6,596,154)
Net cash into/(out of) Fund	(7,923,022)	2,222,499	(4,672,958)
Unrealised appreciation/(diminution) in value of investments	10,283,719	350,932	3,816,687
Gain/(Loss) on sale of investments	4,092,208	17,930	1,331,533
Dividend Income	-	6,190	-
Management fees	(833,239)	(19,376)	(285,675)
Other expenses	(20,803)	(484)	(7,132)
Increase/(Decrease) in net asset value for the period	5,598,863	2,577,691	182,455
<b>Value of Fund as at 31 December 2017</b>	<b>110,602,276</b>	<b>4,051,055</b>	<b>37,498,295</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	110,714,341	4,036,331	37,561,266
Other debtors	650,285	50,269	319,122
Total assets	111,364,626	4,086,600	37,880,388
<u>Liabilities</u>			
Other creditors	(762,350)	(35,545)	(382,093)
<b>Value of Fund as at 31 December 2017</b>	<b>110,602,276</b>	<b>4,051,055</b>	<b>37,498,295</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Ethical Global Equity Fund S\$	HSBC Insurance Ethical Global Sukuk Fund S\$	HSBC Insurance Europe Dynamic Equity Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	58,105,556	17,209,326	1,118,526
Amounts received by the Fund for creation of units	633,380	105,049	39,272,338
Amounts paid by the Fund for liquidation of units	(3,373,540)	(860,700)	(837,339)
Net cash into/(out of) Fund	(2,740,160)	(755,651)	38,434,999
Unrealised appreciation/(diminution) in value of investments	4,000,567	(469,812)	(158,057)
Gain/(Loss) on sale of investments	381,015	28,857	(3,943)
Dividend Income	-	340,450	-
Other Income	8,000	-	-
Management fees	(436,086)	(108,481)	(61,953)
Other expenses	-	(5,834)	(1,547)
Increase/(Decrease) in net asset value for the period	1,213,336	(970,471)	38,209,499
<b>Value of Fund as at 31 December 2017</b>	<b>59,318,892</b>	<b>16,238,855</b>	<b>39,328,025</b>

**Statement of Assets and Liabilities  
As at 31 December 2017**

<u>Assets</u>			
Investments in funds	59,320,676	16,225,281	39,373,729
Cash and bank balances	-	14,997	-
Other debtors	94,639	58,979	72,600
Total assets	59,415,315	16,299,257	39,446,329
<u>Liabilities</u>			
Other creditors	(96,423)	(60,402)	(118,304)
<b>Value of Fund as at 31 December 2017</b>	<b>59,318,892</b>	<b>16,238,855</b>	<b>39,328,025</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Global Bond Fund S\$	HSBC Insurance Global Emerging Markets Bond Fund S\$	HSBC Insurance Global Emerging Markets Equity Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	9,127,751	1,579,750	534,082
Amounts received by the Fund for creation of units	2,608,699	594,381	1,194,516
Amounts paid by the Fund for liquidation of units	(1,210,415)	(86,269)	(10,758)
Net cash into/(out of) Fund	1,398,284	508,112	1,183,758
Unrealised appreciation/(diminution) in value of investments	(93,656)	7,828	130,537
Gain/(Loss) on sale of investments	121,848	(1,202)	328
Dividend Income	-	42,395	-
Other income	1,000	-	-
Management fees	(40,172)	(12,156)	(8,372)
Other expenses	(1,881)	(364)	(209)
Increase/(Decrease) in net asset value for the period	1,385,423	544,613	1,306,042
<b>Value of Fund as at 31 December 2017</b>	<b>10,513,174</b>	<b>2,124,363</b>	<b>1,840,124</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	10,512,906	2,116,592	1,839,015
Dividend Receivable	-	7,837	-
Other debtors	40,515	12,455	3,838
Total assets	10,553,421	2,136,885	1,842,853
<u>Liabilities</u>			
Other creditors	(40,247)	(12,522)	(2,729)
<b>Value of Fund as at 31 December 2017</b>	<b>10,513,174</b>	<b>2,124,363</b>	<b>1,840,124</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Global Equity Fund	HSBC Insurance Global Equity Portfolio Fund	HSBC Insurance Global Equity Volatility Focused Fund
	S\$	S\$	S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	79,381,563	1,950,244	147,242
Amounts received by the Fund for creation of units	1,996,829	1,841,226	8,214,972
Amounts paid by the Fund for liquidation of units	(5,154,710)	(18,762)	(280,038)
Net cash into/(out of) Fund	(3,157,881)	1,822,464	7,934,934
Unrealised appreciation/(diminution) in value of investments	4,579,161	203,782	92,746
Gain/(Loss) on sale of investments	2,007,477	462	3,730
Dividend income	-	23,843	-
Management fees	(644,577)	(9,012)	(11,894)
Other expenses	(15,087)	(562)	(297)
Increase/(Decrease) in net asset value for the period	2,769,093	2,040,977	8,019,219
<b>Value of Fund as at 31 December 2017</b>	<b>82,150,656</b>	<b>3,991,221</b>	<b>8,166,461</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	82,231,485	3,990,549	8,192,507
Other debtors	44,132	792	2,163
Total assets	82,275,617	3,991,341	8,194,670
<u>Liabilities</u>			
Other creditors	(124,961)	(120)	(28,209)
<b>Value of Fund as at 31 December 2017</b>	<b>82,150,656</b>	<b>3,991,221</b>	<b>8,166,461</b>

The accompanying notes form an integral part of these financial statements.



**Financial Statements (Cont)**

	HSBC Insurance Global High Income Bond Fund S\$	HSBC Insurance Global Multi-Asset Fund S\$	HSBC Insurance India Equity Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	469,637	181,819	68,136,191
Amounts received by the Fund for creation of units	1,001,698	354,145	5,127,767
Amounts paid by the Fund for liquidation of units	(9,969)	(31,173)	(8,933,579)
Net cash into/(out of) Fund	991,729	322,972	(3,805,812)
Unrealised appreciation/(diminution) in value of investments	20,459	10,275	5,594,213
Gain/(Loss) on sale of investments	266	575	1,911,101
Management fees	(6,027)	(1,980)	(520,147)
Other expenses	(181)	(59)	(12,986)
Increase/(Decrease) in net asset value for the period	1,006,246	331,783	3,166,369
<b>Value of Fund as at 31 December 2017</b>	<b>1,475,883</b>	<b>513,602</b>	<b>71,302,560</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	1,475,930	513,643	71,309,805
Other debtors	11,970	-	215,256
Total assets	1,487,900	513,643	71,525,061
<u>Liabilities</u>			
Other creditors	(12,017)	(41)	(222,501)
<b>Value of Fund as at 31 December 2017</b>	<b>1,475,883</b>	<b>513,602</b>	<b>71,302,560</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	<b>HSBC Insurance Pacific Equity Fund S\$</b>	<b>HSBC Insurance Premium Balanced Fund S\$</b>	<b>HSBC Insurance Singapore Bond Fund S\$</b>
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	160,061,669	118,498,867	38,870,108
Amounts received by the Fund for creation of units	17,085,597	3,565,354	3,425,980
Amounts paid by the Fund for liquidation of units	(13,614,701)	(5,798,784)	(5,424,800)
Net cash into/(out of) Fund	3,470,896	(2,233,430)	(1,998,820)
Unrealised appreciation/(diminution) in value of investments	9,726,229	4,750,821	11,279
Gain/(Loss) on sale of investments	2,243,593	1,605,054	326,511
Management fees	(1,255,598)	(717,808)	(95,530)
Other expenses	(41,681)	(26,156)	(7,155)
Increase/(Decrease) in net asset value for the period	14,143,439	3,378,481	(1,763,715)
<b>Value of Fund as at 31 December 2017</b>	<b>174,205,108</b>	<b>121,877,348</b>	<b>37,106,393</b>

**Statement of Assets and Liabilities  
As at 31 December 2017**

<u>Assets</u>			
Investments in funds	174,208,119	121,923,784	37,117,910
Cash and bank balances	88,925	-	-
Other debtors	884,000	150,337	146,689
Total assets	175,181,044	122,074,121	37,264,599
<u>Liabilities</u>			
Other creditors	(975,936)	(196,773)	(158,206)
<b>Value of Fund as at 31 December 2017</b>	<b>174,205,108</b>	<b>121,877,348</b>	<b>37,106,393</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Singapore Equity Fund S\$	HSBC Insurance US Equity Portfolio Fund S\$	HSBC Insurance US Opportunities Equity Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	2,174,711	2,025,014	492,963
Amounts received by the Fund for creation of units	20,721,820	1,746,173	463,712
Amounts paid by the Fund for liquidation of units	(1,000,377)	(240,407)	(72,098)
Net cash into/(out of) Fund	19,721,443	1,505,766	391,614
Unrealised appreciation/(diminution) in value of investments	220,628	224,048	57,479
Gain/(Loss) on sale of investments	15,694	11,850	7,568
Dividend Income	35,981	16,082	-
Management fees	(34,329)	(5,853)	(5,196)
Other expenses	(1,143)	(548)	(130)
Increase/(Decrease) in net asset value for the period	19,958,274	1,751,345	451,335
<b>Value of Fund as at 31 December 2017</b>	<b>22,132,985</b>	<b>3,776,359</b>	<b>944,298</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	22,144,598	3,776,111	943,470
Other debtors	166,934	89,567	857
Total assets	22,311,532	3,865,678	944,327
<u>Liabilities</u>			
Other creditors	(178,547)	(89,319)	(29)
<b>Value of Fund as at 31 December 2017</b>	<b>22,132,985</b>	<b>3,776,359</b>	<b>944,298</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance World Selection 1 Fund S\$	HSBC Insurance World Selection 3 Fund S\$	HSBC Insurance World Selection 5 Fund S\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	1,315,054	3,888,415	9,562,484
Amounts received by the Fund for creation of units	805,742	1,846,541	6,250,246
Amounts paid by the Fund for liquidation of units	(217,397)	(483,115)	(988,854)
Net cash into/(out of) Fund	588,345	1,363,426	5,261,392
Unrealised appreciation/(diminution) in value of investments	4,256	145,567	680,779
Gain/(Loss) on sale of investments	7,290	37,903	80,045
Management fees	(11,390)	(33,500)	(88,545)
Other expenses	(316)	(865)	(2,139)
Increase/(Decrease) in net asset value for the period	588,185	1,512,531	5,931,532
<b>Value of Fund as at 31 December 2017</b>	<b>1,903,239</b>	<b>5,400,946</b>	<b>15,494,016</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	1,903,805	5,415,526	15,620,880
Other debtors	29	-	-
Total assets	1,903,834	5,415,526	15,620,880
<u>Liabilities</u>			
Other creditors	(595)	(14,580)	(126,864)
<b>Value of Fund as at 31 December 2017</b>	<b>1,903,239</b>	<b>5,400,946</b>	<b>15,494,016</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Europe Dynamic Equity Fund (USD) US\$	HSBC Insurance Global Emerging Markets Bond Fund (USD) US\$	HSBC Insurance Global Emerging Markets Equity Fund (USD) US\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	65,951	123,615	52,938
Amounts received by the Fund for creation of units	196,939	161,902	395,652
Net cash into/(out of) Fund	196,939	161,902	395,652
Unrealised appreciation/(diminution) in value of investments	4,746	5,335	28,585
Gain/(Loss) on sale of investments	-	-	712
Management fees	(1,159)	(1,224)	(1,681)
Other expenses	(29)	(37)	(42)
Increase/(Decrease) in net asset value for the period	200,497	165,976	423,226
<b>Value of Fund as at 31 December 2017</b>	<b>266,448</b>	<b>289,591</b>	<b>476,164</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	266,554	289,648	476,269
Total assets	266,554	289,648	476,269
<u>Liabilities</u>			
Other creditors	(106)	(57)	(105)
<b>Value of Fund as at 31 December 2017</b>	<b>266,448</b>	<b>289,591</b>	<b>476,164</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance Global Equity Portfolio Fund (USD) US\$	HSBC Insurance Global Equity Volatility Focused Fund (USD) US\$	HSBC Insurance Global High Income Bond Fund (USD) US\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	241,381	12,379	134,782
Amounts received by the Fund for creation of units	425,094	18,075	209,436
Amounts paid by the Fund for liquidation of units	(3,081)	(19,115)	(6,607)
Net cash into/(out of) Fund	422,013	(1,040)	202,829
Unrealised appreciation/(diminution) in value of investments	44,614	383	5,488
Gain/(Loss) on sale of investments	257	1,063	126
Dividend Income	2,973	-	-
Management fees	(1,340)	(126)	(1,349)
Other expenses	(84)	(3)	(40)
Increase/(Decrease) in net asset value for the period	468,433	277	207,054
<b>Value of Fund as at 31 December 2017</b>	<b>709,814</b>	<b>12,656</b>	<b>341,836</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	706,886	12,666	341,347
Other debtors	2,951	-	501
Total assets	709,837	12,666	341,848
<u>Liabilities</u>			
Other creditors	(23)	(10)	(12)
<b>Value of Fund as at 31 December 2017</b>	<b>709,814</b>	<b>12,656</b>	<b>341,836</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance India Equity Fund (USD)	HSBC Insurance Pacific Equity Fund (USD)	HSBC Insurance US Equity Portfolio Fund (USD)
	US\$	US\$	US\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	73,185	325,838	152,132
Amounts received by the Fund for creation of units	203,903	807,951	245,394
Amounts paid by the Fund for liquidation of units	(2,626)	-	(5,105)
Net cash into/(out of) Fund	201,277	807,951	240,289
Unrealised appreciation/(diminution) in value of investments	25,700	70,511	30,527
Gain/(Loss) on sale of investments	-	495	374
Dividend Income	-	-	1,206
Management fees	(1,218)	(5,140)	(534)
Other expenses	(30)	(128)	(50)
Increase/(Decrease) in net asset value for the period	225,729	873,689	271,812
<b>Value of Fund as at 31 December 2017</b>	<b>298,914</b>	<b>1,199,527</b>	<b>423,944</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	298,422	1,196,546	423,075
Cash and bank balances	-	729	-
Other debtors	505	2,618	882
Total assets	298,927	1,199,893	423,957
<u>Liabilities</u>			
Other creditors	(13)	(366)	(13)
<b>Value of Fund as at 31 December 2017</b>	<b>298,914</b>	<b>1,199,527</b>	<b>423,944</b>

The accompanying notes form an integral part of these financial statements.

**Financial Statements (Cont)**

	HSBC Insurance World Selection 1 Fund (USD) US\$	HSBC Insurance World Selection 3 Fund (USD) US\$	HSBC Insurance World Selection 5 Fund (USD) US\$
<b>Capital and Income Account</b>			
<b>Period From 1 July 2017 to 31 December 2017</b>			
Value of Fund as at 1 July 2017	37,879	59,953	59,871
Amounts received by the Fund for creation of units	30,740	136,637	132,460
Amounts paid by the Fund for liquidation of units		(21,500)	
Net cash into/(out of) Fund	30,740	115,137	132,460
Unrealised appreciation/(diminution) in value of investments	1,763	7,072	11,715
Gain/(Loss) on sale of investments	-	715	-
Management fees	(346)	(838)	(934)
Other expenses	(10)	(22)	(23)
Increase/(Decrease) in net asset value for the period	32,147	122,064	143,218
<b>Value of Fund as at 31 December 2017</b>	<b>70,026</b>	<b>182,017</b>	<b>203,089</b>
<b>Statement of Assets and Liabilities</b>			
<b>As at 31 December 2017</b>			
<u>Assets</u>			
Investments in funds	70,049	181,500	203,242
Other debtors	-	559	-
Total assets	70,049	182,059	203,242
<u>Liabilities</u>			
Other creditors	(23)	(42)	(153)
<b>Value of Fund as at 31 December 2017</b>	<b>70,026</b>	<b>182,017</b>	<b>203,089</b>

The accompanying notes form an integral part of these financial statements.



## Notes to the Financial Statements

These notes form an integral part of the financial statements.

### 1. HSBC Insurance (Singapore) Pte. Limited Investment-Linked Funds

1.1 The Investment-Linked Funds of HSBC Insurance (Singapore) Pte. Limited (HSBC Insurance Investment-Linked Funds) comprise:

Funds	Units in issue as at 31 December 2017
HSBC Insurance Asia Equity Fund	38,620,153
HSBC Insurance Asia Focused Income Fund	9,172,560
HSBC Insurance Asian Bond Fund	16,099,068
HSBC Insurance China Equity Fund	39,525,122
HSBC Insurance Chinese Equity Fund	2,565,870
HSBC Insurance Emerging Markets Equity Fund	27,705,350
HSBC Insurance Ethical Global Equity Fund	42,447,816
HSBC Insurance Ethical Global Sukuk Fund	14,587,635
HSBC Insurance Europe Dynamic Equity Fund	31,028,460
HSBC Insurance Global Bond Fund	9,059,468
HSBC Insurance Global Emerging Markets Bond Fund	2,006,296
HSBC Insurance Global Emerging Markets Equity Fund	1,129,533
HSBC Insurance Global Equity Fund	49,522,482
HSBC Insurance Global Equity Portfolio Fund	3,012,054
HSBC Insurance Global Equity Volatility Focused Fund	6,730,509
HSBC Insurance Global High Income Bond Fund	1,296,072
HSBC Insurance Global Multi-Asset Fund	463,784
HSBC Insurance India Equity Fund	24,671,883
HSBC Insurance Pacific Equity Fund	122,268,913
HSBC Insurance Premium Balanced Fund	72,996,470
HSBC Insurance Singapore Bond Fund	26,758,122
HSBC Insurance Singapore Equity Fund	17,909,864
HSBC Insurance US Equity Portfolio Fund	2,649,022
HSBC Insurance US Opportunities Equity Fund	682,103
HSBC Insurance World Selection 1 Fund	1,602,848
HSBC Insurance World Selection 3 Fund	4,066,643
HSBC Insurance World Selection 5 Fund	10,960,859

**HSBC Insurance (Singapore) Pte. Limited Investment-Linked Funds (Cont)**

<u>Funds</u>	<u>Units in issue as at 31 December 2017</u>
HSBC Insurance Europe Dynamic Equity Fund (USD)	230,189
HSBC Insurance Global Emerging Markets Equity Fund (USD)	337,158
HSBC Insurance Global Equity Portfolio Fund (USD)	557,538
HSBC Global Equity Volatility Focused Fund (USD)	10,916
HSBC Insurance Global High Income Bond Fund (USD)	323,780
HSBC Insurance Global Emerging Markets Bond Fund (USD)	267,176
HSBC Insurance India Equity Fund (USD)	229,303
HSBC Insurance Pacific Equity Fund (USD)	956,930
HSBC Insurance US Equity Portfolio Fund (USD)	335,357
HSBC Insurance World selection 1 Fund (USD)	66,496
HSBC Insurance World Selection 3 Fund (USD)	160,338
HSBC Insurance World Selection 5 Fund (USD)	167,796

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements of the HSBC Insurance Investment-Linked Funds are presented in Singapore dollars. The financial statements have been prepared on the historical cost basis, except for investments which are measured at fair value.

### **2.2 Investments**

All purchases of investments, which only comprise of unit trusts, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the consideration given and excluding acquisition charges associated with the investments. After initial recognition, the investments are subsequently measured at fair value. The unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account within unrealised appreciation/ (diminution) in value of investments after being adjusted for management fees at the underlying invested unit trust. The fair value is determined by using open market valuation at the reporting date. The quoted market price used for these investments is the quoted net asset value per unit of the unit trusts.

### **2.3 Amounts received by the funds for creation of units**

The amounts received by the funds comprise the gross premiums received by the Company (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

### **2.4 Amounts paid by the funds for liquidation of units**

The amounts paid by the funds for liquidation of units comprise of the sale of units in the investment-linked funds for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

### **2.5 The amount due to and due from unitholders are calculated based on net amount basis.**

### **2.6 The amount due to and due from brokers are calculated based on net amount basis.**

### **2.7 Policy fees, mortality charges and other administrative fees**

Policy fees, mortality charges and other administrative fees are charged to the Capital and Income Accounts by way of unit deductions.

### **2.8 Gains/losses from sale of investments**

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

### **2.9 Income and expenses recognition**

Dividend income is recognised in the Capital and Income Account when the right to receive payment is established.

Expenses are recognised on an accrual basis.

### **3.0 Foreign currencies**

Transactions in foreign currencies are translated into their functional currencies being Singapore dollars or United States Dollars at the exchange rate at the date of the transaction. Financial assets and liabilities denominated in foreign currencies at the reporting date are translated into their respective functional currencies at the exchange rate at the reporting date. Foreign currency differences are recognised in the Capital and Income Account.

## **About Us**

The HSBC Group is one of the largest banking and financial services organisations in the world, with well established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. The HSBC Group evolved from The Hongkong and Shanghai Banking Corporation Limited, which was founded in 1865 in Hong Kong with offices in Shanghai and London and an agency in San Francisco.

HSBC Insurance (Singapore) Pte. Limited ("HSBC Insurance (Singapore)") is a wholly owned subsidiary of HSBC Insurance (Asia Pacific) Holdings Limited, which is ultimately owned by HSBC Holdings plc, the London-based holding company of the HSBC Group. HSBC Insurance (Singapore) provides a wide range of solutions to cater to retirement, protection, legacy planning, education and growing your wealth needs.

### **HSBC Insurance Singapore's financial strength**

- Our financial strength currently stands at almost S\$6.7 billion in assets as at 31 December, 2016.
- Our Capital Adequacy Ratio (CAR) as at 31 December, 2016 was 202%, more than the statutory capital requirement.
- A+ rating from Standard & Poor's in 2018 thanks to our continued growth, strength of management and sound financial condition.



