

HSBC Portfolios

World Selection 1

Monthly report 31 May 2022 | Share class AC

Investment objective

The Fund aims to provide long-term capital growth and income by investing in a portfolio of bonds and shares. The Fund seeks to apply a low risk investment strategy.

Investment strategy

In normal market conditions, at least 90% of the Fund's exposure is to bonds, shares and alternative investment strategies. The Fund gains exposure to bonds that are investment grade, non-investment grade and unrated issued by the government, government-related entities, supranational entities and companies based in developed markets and emerging markets. The bonds can be denominated either in US dollar (USD), other developed markets currencies hedged into USD, or in emerging markets currencies. The Fund gains exposure to shares issued by companies of any size. The Fund may invest up to 100% in other funds although this investment will normally be between 25% and 75%. The Fund can have an exposure to bonds (or other similar securities) of up to 100% of its assets. The exposure to shares (or securities similar to shares) can be up to 25% of assets. The Fund may invest up to 20% in non-investment grade and unrated bonds, and up to 25% in alternative investment strategies. The Fund's primary currency exposure is to USD. See the Prospectus for a full description of the investment objectives and derivative usage.

Main risks

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless. The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

Share Class Details

Key metrics

NAV per Share **USD 14.42**

Performance 1 month **-0.86%**

Sharpe ratio 3 years **0.04**

Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS
(Supplementary Retirement Scheme)**

Dividend treatment **Accumulating**

Dealing frequency **Daily**

Valuation Time **10:00 Luxembourg**

Share Class Base Currency **USD**

Domicile **Luxembourg**

Inception date **20 October 2009**

Fund Size **USD 385,326,799**

Managers **Kate Morrissey**

Fees and expenses

Minimum initial investment (SG)¹ **USD 1,000**

Maximum initial charge (SG) **4.170%**

Management fee **1.000%**

Codes

ISIN **LU0447610337**

Bloomberg ticker **HSBC1AU LX**

¹Please note that initial minimum subscription may vary across different distributors

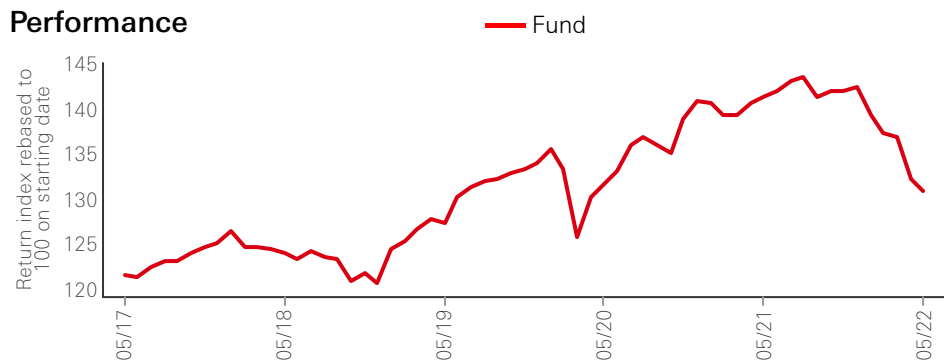
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

This is a marketing communication. Please refer to the prospectus and to the KIID before making any final investment decisions.

Source: HSBC Asset Management, data as at 31 May 2022

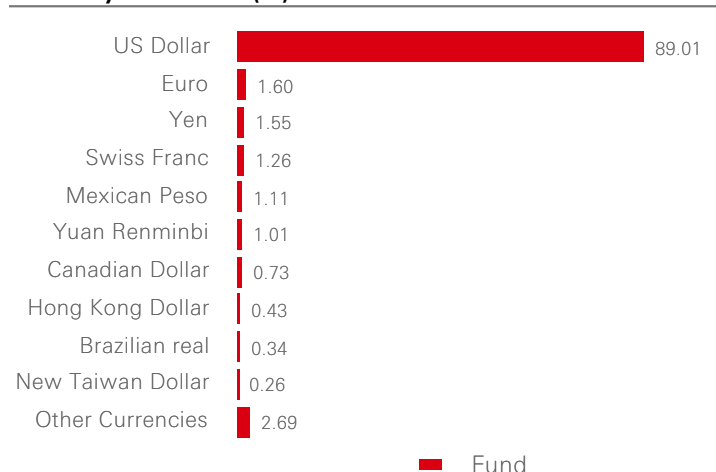
Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	-8.03	-0.86	-4.67	-7.75	-7.35	0.97	1.50
AC (Net)*	-11.72	-4.83	-8.49	-11.45	-11.06	-0.39	0.67

Calendar year performance (%)	2017	2018	2019	2020	2021
AC	6.51	-3.63	11.09	5.18	1.09
AC (Net)*	2.25	-7.48	6.64	0.97	-2.96

Currency Allocation (%)



Asset allocation (%)

Asset allocation (%)	Fund
Global Equity	13.86
Global Government Bond	37.44
Global Corporate Bond	26.00
Global High Yield Bonds	1.79
Global Asset Backed Bonds	3.78
Emerging Market Debt - Hard Currency	1.77
Emerging Market Debt - Local Currency	3.20
Property	2.84
Style Factors	2.52
Trend Following	3.18
Commodities	2.27
Cash/Liquidity	1.35

Top 10 Holdings

Top 10 Holdings	Weight (%)
HSBC GIF Global Govt Bd ZQ1	12.31
HSBC FTSE All-World Index Instl Acc	5.64
HSBC GIF Global IG Sec Credit Bd ZC	3.78
HSBC Multi Factor Worldwide Eq ETF	3.32
STRUCT INV SI CRSS AST T-EU	3.18
HSBC GIF Global RE Eq ZQ1	2.84
iShares Edge MSCI USA Qual Fac ETF \$Dist	2.57
HSBC GIF Multi-Asset Style Factors ZC	2.52
HSBC GIF Global EM Local Dbt ZQ1	2.43
US TREASURY N/B 2.500 15/05/2024 USD	1.56

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

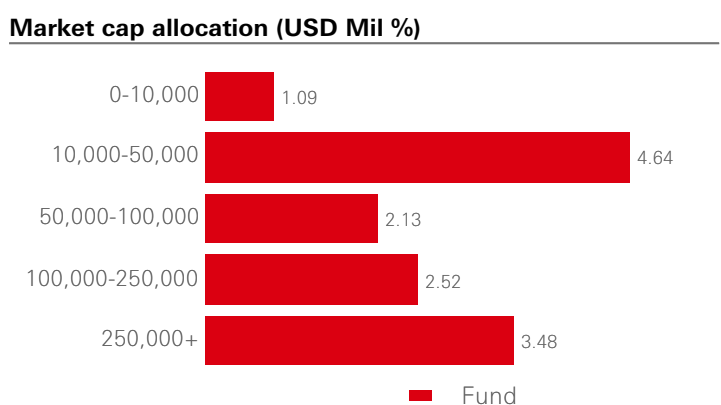
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The data displayed in above sections is shown on a look-through basis. This means that the fund may not directly hold these securities and the investment in these securities may be via other funds.

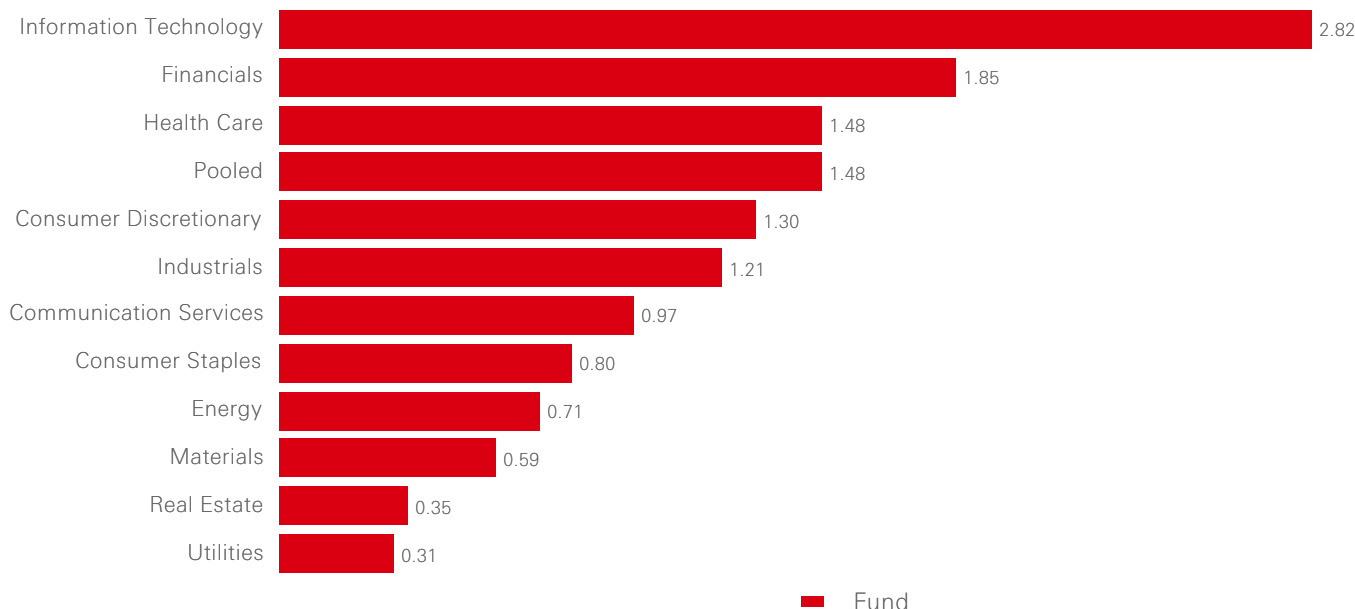
Source: HSBC Asset Management, data as at 31 May 2022

Equity top 10 holdings	Location	Sector	Weight (%)
Apple Inc	United States	Information Technology	0.46
Microsoft Corp	United States	Information Technology	0.40
Alphabet Inc	United States	Communication Services	0.28
Johnson & Johnson	United States	Health Care	0.19
Meta Platforms Inc	United States	Communication Services	0.16
Amazon.com Inc	United States	Consumer Discretionary	0.15
S&P Global Inc	United States	Financials	0.10
NIKE Inc	United States	Consumer Discretionary	0.10
Tesla Inc	United States	Consumer Discretionary	0.09
Exxon Mobil Corp	United States	Energy	0.08

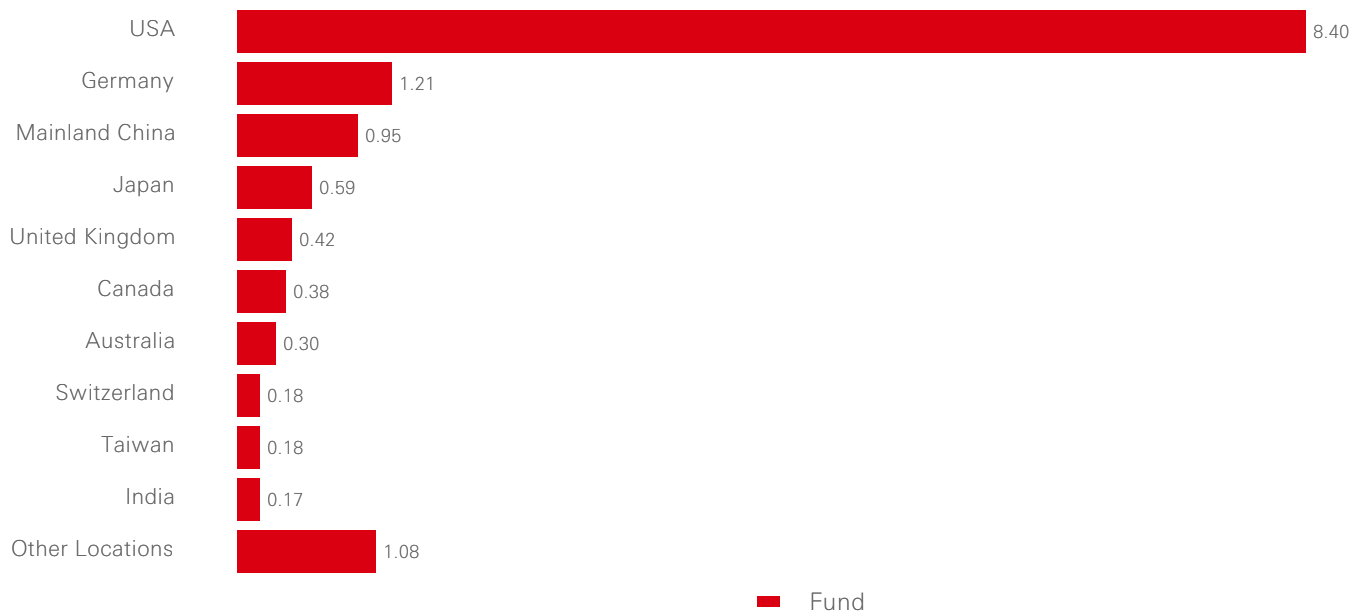
Equity characteristics	Fund	Reference benchmark
Average Market Cap (USD Mil)	294,545	--
Price/earning ratio	14.33	--
Portfolio yield	2.08%	--



Equity sector allocation (%)



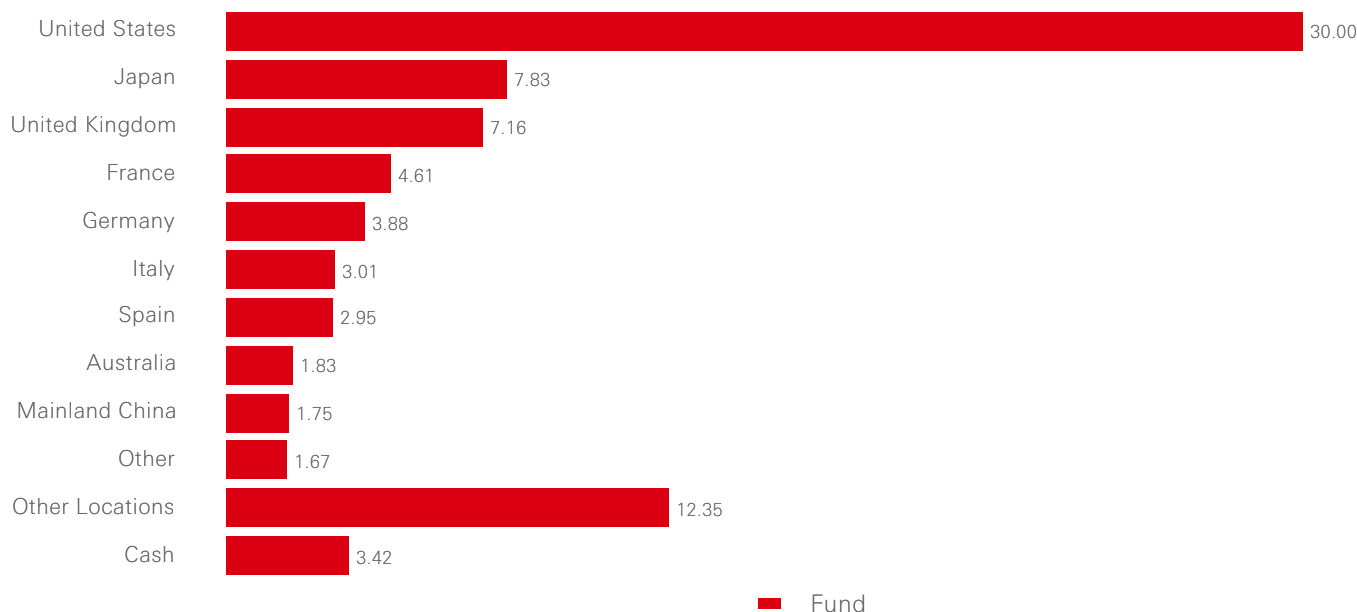
Equity geographical allocation (%)



Fixed Income Characteristics	Reference		Credit rating (%)	Reference	
	Fund benchmark	Relative		Fund	benchmark
Yield to worst	3.82%	--	AAA	26.15	--
Yield to maturity	3.88%	--	AA	7.65	--
Option Adjusted Duration	6.47	--	A	18.13	--
Rating average	AA/AA-	--	BBB	18.40	--
			BB	4.47	--
			B	1.27	--
			CCC	0.17	--
			CC	0.02	--
			NR	0.77	--
			Cash	3.42	--

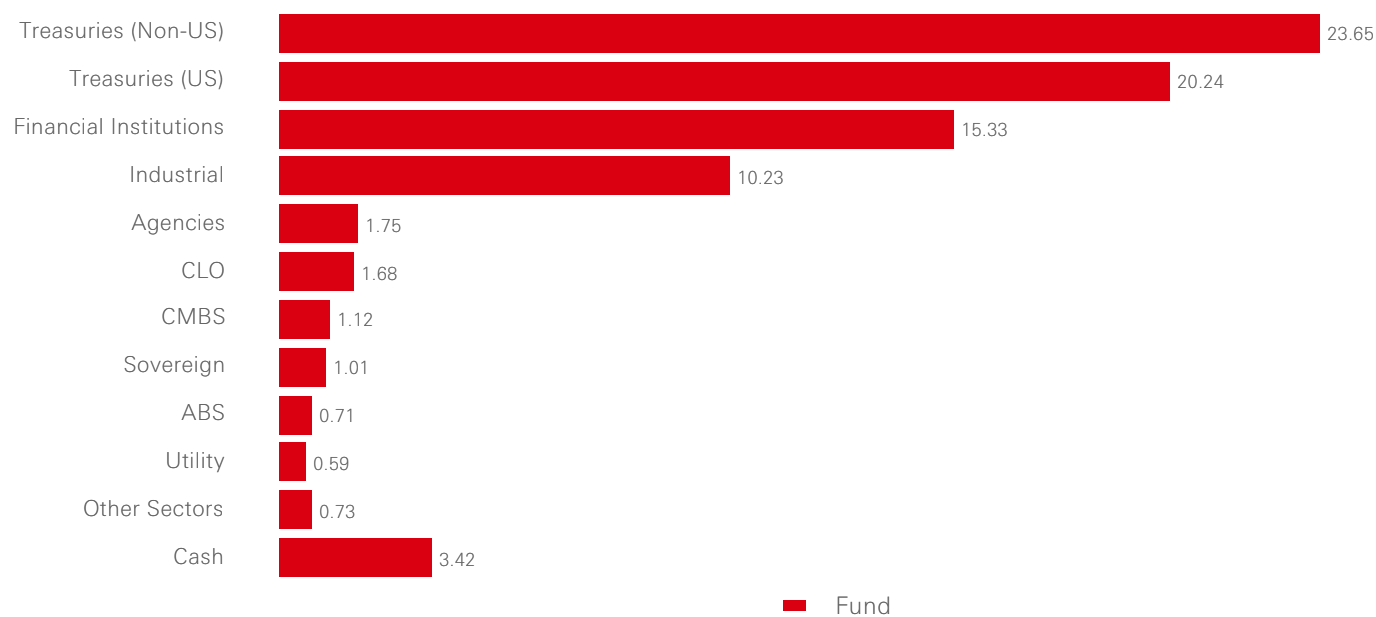
Fixed income top 10 holdings	Location	Instrument type	Weight (%)
US TREASURY N/B 2.500 15/05/2024 USD	United States	Treasury Note	1.62
US TREASURY N/B 0.125 28/02/2023 USD	United States	Treasury Note	1.11
US TREASURY N/B 3.375 15/05/2044 USD	United States	Government Bond	0.99
US TREASURY N/B 1.375 15/11/2031 USD	United States	Treasury Note	0.83
JAPAN (20 YEAR ISSUE) 1.800 20/03/2032 JPY	Japan	Government Bond	0.74
UK Treasury 0.125 1/31/2023 GBP 0.01	United Kingdom	Government Bond	0.64
US TREASURY N/B 1.375 31/01/2025 USD	United States	Treasury Note	0.63
US TREASURY N/B 0.125 15/02/2024 USD	United States	Treasury Note	0.63
US TREASURY N/B 1.625 15/05/2026 USD	United States	Treasury Note	0.56
US TREASURY N/B 1.375 31/08/2023 USD	United States	Treasury Note	0.54

Fixed income geographical allocation (%)



Geographical Allocation (Option Adjusted Duration)	Fund	Reference benchmark	Relative
United States	2.38	--	--
Japan	1.08	--	--
United Kingdom	0.96	--	--
Germany	0.46	--	--
France	0.45	--	--
Spain	0.25	--	--
Mainland China	0.15	--	--
Australia	0.13	--	--
European Union	0.12	--	--
Canada	0.10	--	--
Other Locations	0.91	--	--
Cash	0.00	--	--

Fixed income sector allocation (%)



	3 year total return (%)	Amount based on USD 1000 invested	3 Year Volatility (%)
HSBC Portfolios - World Selection 1 AC	0.97	1,029.46	5.77
Peer Group Average - EAA Fund USD Cautious Allocation	1.74	1,053.03	6.58
Lowest Returning Fund in Peer Group	-3.98	885.29	2.20
Highest Returning Fund in Peer Group	8.08	1,262.49	14.37
Cash	0.81	1,024.59	0.23

HSBC Portfolios offer a choice of five different risk levels, to be selected by investors depending on factors like their financial goals, time horizon and capacity for loss. Typically, the more risk investors take, the more return they would expect to see.

At HSBC Asset Management, we measure risk by volatility – how sharply a Portfolio’s share price moves in any given time period (up or down). The higher the volatility, the higher the risk.

The table above shows the Portfolio’s return (for the primary share class or hedged currency share class) per year over the last three years (known as annualised) and the level of volatility over the same period. This can be compared against other funds in the peer group, as defined by an independent research company*.

An example of a good outcome would be that the HSBC Portfolio return is higher than the peer group’s average return and the volatility (risk taken) is lower. However investors should consider their own priorities when it comes to returns and the risk taken to achieve them.

*Morningstar Categories are used to define the peer group comprising funds they deem similar based on fund objectives and holdings. The average is a median.

Monthly performance commentary

Market Commentary

Equity markets stabilised in May, with global indices ending the month broadly flat (MSCI ACWI in USD: +0.2%; MSCI ACWI in GBP: -0.3%). Despite robust earnings, the prospect of rising interest rates, supply chain disruptions, and slowing global economic growth continued to weigh on market sentiment. Regional performance was mixed: but Japan, China and the UK delivered notably positive returns. Across sectors, Energy continued its robust performance, whilst the defensive sectors of Telecoms and Utilities and Financials posted positive returns. It was a relatively choppy month for bonds, with yields rising on hawkish central bank rhetoric and a higher-than-expected US CPI print of 8.3%, but then falling on the weakening growth outlook. By the end of the month, the returns for most developed market bonds remained negative, although the US market was positive. In the UK, 10 Year Gilt yields rose 20bps after the BoE's hike on May 5 and lower than expected PMI numbers. Chinese bonds also finished the month marginally negative, despite having benefited as the PBoC lowered its 5-year loan prime rate by 15bp. The DXY weakened 1.2% during the month, primarily as a result of the Fed's decision to increase rates by 50bp rather than 75bps. Both sterling and euro strengthened as the BoE hiked rates 25bps, and the market priced in sooner than expected ECB policy lift-off. Brent crude continued to show strength in May, with prices rising 12.4% as ongoing political tensions and the EU's proposed Russian oil ban outweighed concerns around slowing demand due to Chinese lockdowns.

Portfolio performance

The World Selection portfolios posted negative performance over the month, returns range from -0.86% in World Selection 1 to -0.93% in World Selection 5. Active positioning was marginally negative during May. Our headline asset allocation was positive, notably our decision to be underweight inflation linked bonds and overweight commodities and EMD in local currency added value. However, both intra equity and intra fixed income positions detracted. Notably Asia versus Global High Yield, Gold versus Global Government bonds and Swiss versus European equity all detracted.

Current Positioning and Trades

Equities - At a headline level we remain marginally underweight global equities in anticipation of near-term market volatility. During May we closed our overweight position to World Financials, redistributing the proceeds to developed market equity. The position was closed after strong performance so far this year, and a view that the majority of monetary policy tightening is behind us. We also increased our exposure to real estate equities (Property) on improved valuations. We maintain our overweights to USA Quality versus USA equity, Swiss versus Europe ex UK equity, and Chinese onshore equity versus emerging market equity

Lower risk bonds - At a headline level we are underweight the lower risk bond cluster within portfolios. During May we sold our US 2 Year treasury position, and reduced cash, distributing the proceeds into global government bonds. The decision to marginally increase portfolio duration was due to the rise in global government bond yields. We maintain our underweight to inflation linked bonds, while being neutral on Securitised credit and Corporate Bonds. We continue to prefer US over Global government bonds given the yield differential

Higher yielding fixed income - At a headline level we are overweight the higher yielding fixed income cluster. During May we reduced our overweight to China Government bonds versus Global Government bonds having benefited as the yield differential closed. We remain neutral EMD in hard currency and continue to hold an allocation to Asia High Yield funded from Global High Yield

Alternatives - At a headline level we are overweight the Alternatives cluster. We are neutral Style Factors and marginally underweight Trend, although we maintain a preference for defensive trend strategies. We hold overweight positions in both Commodities and Gold

Outlook

The Ukraine conflict and China's zero-covid policy risk prolonging global supply-side challenges. Amid central bank policy normalisation and a real income squeeze, the trend of growth downgrades and inflation upgrades is likely to persist and may not stabilise until late 2022. Accommodative policy settings, tight labour markets, and a transition to endemic Covid should support global growth through this year and limit the risks of a significant downturn. Geopolitical tensions and energy prices are key risk factors for inflation. Nevertheless, price pressures should moderate later in the year amid base effects, better news on autos prices, and cooling demand. We expect the Fed to deliver 250bps of rate hikes this year and QT to begin in June. Notably we expect continued monetary easing in China and counter cyclical fiscal policy to boost credit growth. As a result of the above, we have become increasingly selective with where we take risk in portfolios: focusing on regional and style allocations in equities (e.g. value and quality factors), income strategies in fixed income (e.g. Asia fixed income, some parts of global credit), inflation protection and "real" strategies (e.g. commodities, infrastructure), and parts of EM ex Europe (e.g. opportunities in China and Latam).

Risk Disclosure

- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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Glossary



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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC EUR	-2.72	-2.37	-0.05	-3.07	5.36	2.31	2.49
AC EUR (Net)*	-6.62	-6.28	-4.05	-6.95	1.14	0.93	1.65
AC GBP	-1.51	-1.24	1.49	-3.16	4.23	0.98	1.99
AC GBP (Net)*	-5.46	-5.19	-2.57	-7.04	0.06	-0.39	1.16
AC SGD	-6.76	-1.58	-3.72	-7.77	-4.01	0.84	1.31
AC SGD (Net)*	-10.49	-5.52	-7.58	-11.46	-7.85	-0.52	0.49
AC USD	-8.03	-0.86	-4.67	-7.75	-7.35	0.97	1.50
AC USD (Net)*	-11.72	-4.83	-8.49	-11.45	-11.06	-0.39	0.67
ACHSGD SGD	-8.07	-0.88	-4.72	-7.79	-7.44	0.50	--
ACHSGD SGD (Net)*	-11.75	-4.84	-8.53	-11.49	-11.14	-0.86	--
AM USD	-8.04	-0.86	-4.67	-7.75	-7.35	0.97	1.49
AM USD (Net)*	-11.72	-4.83	-8.49	-11.45	-11.06	-0.40	0.66
AMHAUD AUD	-8.34	-0.96	-4.91	-8.11	-8.04	-0.25	0.48
AMHAUD AUD (Net)*	-12.01	-4.93	-8.72	-11.79	-11.72	-1.60	-0.34
AMHEUR EUR	-8.57	-1.04	-5.08	-8.43	-8.57	-1.02	-0.95
AMHEUR EUR (Net)*	-12.23	-5.00	-8.88	-12.10	-12.23	-2.36	-1.75
AMHKD HKD	-7.51	-0.87	-4.28	-7.17	-6.35	0.99	1.62
AMHKD HKD (Net)*	-11.21	-4.84	-8.12	-10.89	-10.10	-0.38	0.79
AMHSGD SGD	-8.10	-0.88	-4.74	-7.82	-7.53	0.43	0.68
AMHSGD SGD (Net)*	-11.78	-4.85	-8.55	-11.51	-11.23	-0.93	-0.14

Calendar year performance (%)	2017	2018	2019	2020	2021
AC EUR	-6.44	1.21	13.38	-4.20	9.74
AC EUR (Net)*	-10.19	-2.84	8.84	-8.04	5.34
AC GBP	-2.71	2.78	7.45	1.35	1.93
AC GBP (Net)*	-6.60	-1.34	3.15	-2.71	-2.15
AC SGD	-1.47	-1.50	9.66	3.18	3.34
AC SGD (Net)*	-5.42	-5.44	5.27	-0.95	-0.80
AC USD	6.51	-3.63	11.09	5.18	1.09
AC USD (Net)*	2.25	-7.48	6.64	0.97	-2.96
ACHSGD SGD	--	--	10.12	4.40	0.92
ACHSGD SGD (Net)*	--	--	5.71	0.22	-3.12
AM USD	6.46	-3.64	11.07	5.18	1.09
AM USD (Net)*	2.20	-7.50	6.63	0.97	-2.96
AMHAUD AUD	6.56	-4.38	9.46	3.45	0.35
AMHAUD AUD (Net)*	2.29	-8.21	5.08	-0.69	-3.67
AMHEUR EUR	3.88	-6.57	7.34	2.89	-0.19
AMHEUR EUR (Net)*	-0.28	-10.31	3.05	-1.22	-4.18
AMHKD HKD	7.32	-3.46	10.47	4.70	1.71
AMHKD HKD (Net)*	3.02	-7.32	6.04	0.51	-2.36
AMHSGD SGD	5.42	-4.99	10.07	4.32	0.84
AMHSGD SGD (Net)*	1.20	-8.79	5.66	0.15	-3.20

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 Source: HSBC Asset Management, data as at 31 May 2022

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHSGD	SGD	--	--	--	--
AM	USD	Monthly	25 May 2022	0.023625	3.00%
AMHAUD	AUD	Monthly	25 May 2022	0.017405	2.28%
AMHEUR	EUR	Monthly	25 May 2022	0.009845	1.29%
AMHKD	HKD	Monthly	25 May 2022	0.023918	3.00%
AMHSGD	SGD	Monthly	25 May 2022	0.021786	2.88%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 October 2009	LU0447610337	USD	USD 5,000	14.42	1.000%	Accumulating
ACHSGD	2 November 2018	LU1048550328	SGD	USD 5,000	11.17	1.000%	Accumulating
AM	1 July 2014	LU1066047207	USD	USD 5,000	9.60	1.000%	Distributing
AMHAUD	1 July 2014	LU1066047462	AUD	USD 5,000	9.26	1.000%	Distributing
AMHEUR	1 July 2014	LU1066047629	EUR	USD 5,000	9.23	1.000%	Distributing
AMHKD	1 July 2014	LU1066047389	HKD	USD 5,000	9.71	1.000%	Distributing
AMHSGD	1 July 2014	LU1066047975	SGD	USD 5,000	9.22	1.000%	Distributing

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

The above table cites the last dividend paid within the last 12 months only. Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past distribution yields and payments do not represent future distribution yields and payments. Historical payments may comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x n; The calculation method of annualised yield from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$, n depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12. The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Asset Management (Singapore) Limited website.

Source: HSBC Asset Management, data as at 31 May 2022