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HSBC Insurance Asia Equity Fund (SGD)

Investment and Market Review

MSCI AC Asia Pacific ex Japan gained 14.68% over second half 2025 (SGD term). In terms of geography, Korea and Taiwan were the best performing countries while New Zealand was the worst performing country. In terms of sectors, Information Technology was the top performing one while Healthcare underperformed.

The fund outperformed against the benchmark on a 6-month basis. Positive stock selection effect in Mainland China and Consumer Discretionary positively contributed to performance, partially offset by the unfavorable stock selection effect in Korea as well and Energy. In terms of positioning, we are most overweight to Hong Kong and Financials. On the other hand, we are most underweight to Australia and Healthcare as of end December 2025.

Market Outlook and Investment Strategy

Despite enjoying a strong 2025 outperformance, we continue to be constructive on Asian equities in 2026. US policy support in terms of a more measured tariff policy as well as monetary easing will likely continue in 2026. On the other hand, both fiscal and monetary policy support in Asia continue. A weaker US dollar is also mostly good for Asian equities. Although index level valuation is not cheap in absolute terms, the wide variation in valuation between Asian regional markets suggests differing return opportunities within the region and underscores the importance of alpha over beta and benefits active equity managers like us.

Source: HSBC Global Asset Management

HSBC Insurance Asia Focused Income Fund (SGD)

Investment and Market Review

The fund achieved a positive return over the 6-month period against a volatile market backdrop, mainly contributed by our positions in our core Asia ex Japan equities exposures, followed by credits across investment grade and high yield bonds. Our tactical trades into single Asian equity countries were mixed. Exposures to Korea, Japan banks, Singapore were additive, while this was offset by exposures to short Thailand and Taiwan equities. On the fixed income front, overall contribution was positive but was partially offset by core exposures to Asian local currency bonds, while EM local currency and India bonds were broadly flat.

Market Outlook and Investment Strategy

Looking forward, our base case scenario anticipates a gradual convergence of growth rates across developed markets, with Asia and the Global South maintaining a relative edge. While volatility remains—driven by geopolitical developments and policy uncertainty—further dollar weakness and Asia technology boost could have investors “coming together”. We remain cautiously optimistic, recognizing that market leadership is broadening and that diversification would be key to navigating the evolving landscape as we move into 2026.

Source: HSBC Global Asset Management

HSBC Insurance Asian Bond Fund (SGD)

Investment and Market Review

Asian credit, represented by the JPM Asian Credit Index (JACI), returned 0.30% in December 2025. Of this, 0.41% was from carry, -0.44% was from duration and 0.33% was from credit.

In the US rates space, the curve normalized and steepened as front end rates came down. The Federal Reserve delivered three consecutive quarter point rate cuts in four months, bringing the federal funds rate to a target range of 3.50%-3.75%. In the December FOMC meeting GDP forecasts for 2026 were revised up while core PCE projections edged down, reinforcing expectations for a gradual easing cycle. Importantly, the Fed's forecasts point to a more disinflationary path alongside modest growth improvement, reinforcing a gradual easing bias. This provides external tailwinds for Asia Pacific and gives regional central banks greater flexibility to pursue their own easing cycles without triggering destabilizing currency pressures. This divergence in growth and inflation paths across the Pacific has already allowed regional policymakers greater latitude to act, and we expect this supportive dynamic to persist into 2026.

In China, the December Central Economic Work Conference (CEWC) set the tone for 2026, targeting growth near 5% and emphasizing a shift toward consumption-led expansion, innovation, and property sector stabilization. Liquidity continued to be ample with authorities maintaining stability via measures such as Chinese government bond (CGB) purchases.

The Reserve Bank of India (RBI) cut its key repo rate by 25 bps in December, citing softness in select economic indicators. Alongside the rate move, the RBI announced plans to purchase 1 trillion of government bonds in the open market and execute a three-year \$5 billion buy-sell swap between the U.S. dollar and the Indian rupee to bolster liquidity. Despite tariff headwinds and rupee weakness, India's economy has shown resilience since the imposition of a 50% tariff in August, supported by benign inflation and a series of RBI easing measures throughout the year.

In ASEAN, easing cycles remain intact. The Bank of Thailand cut its key rate by 25 bps to 1.25% to support economic headwinds in political uncertainty, a strong baht, and U.S. tariffs. Bank Indonesia held rates at 4.75% while raising its growth forecast range to 4.9–5.7% on stronger consumption and investment.

In broader APAC markets, the Bank of Japan raised its policy rate to 0.75% as it continued to respond to inflation moving around its target. The Outlook Report to be released in January should provide further insight into the hawkishness of the BoJ. In Australia, the Mid-Year Economic and Fiscal Outlook (MYEFO) projected low but persistent deficits, reinforcing fiscal support as inflation forecasts were revised upwards amid unwinding of electricity rebates and sticky price pressures.

Regional manufacturing activity showed signs of recovery in December. China surprised with a rebound in its official and private RatingDog PMIs, both edging back into expansion territory. The improvement was driven by stronger new orders even as export demand remained soft, pointing to a tentative revival in domestic demand. India's PMI eased slightly from November but remained comfortably in expansion, underscoring resilient domestic demand. Across the region, the dynamic between new orders and inventories was notable: sharp increases in new orders relative to inventories led to declines in finished goods stocks in Japan, India, Malaysia, and Thailand. Overall, domestic demand continued to outpace external demand, reinforcing a theme of regional resilience.

Technicals remained supportive for Asian credit this year. Although primary market supply increased 10% year-on-year to US \$179 billion across IG and HY net financing remained negative and supportive for bond prices. Historically tight credit spreads and low U.S. Treasuries brought all-in costs lower, enticing some issuers on the sidelines to return to the market. New supply is forecasted to rise to US\$200 billion in 2026 as lower rates and funding needs bring more issuers into the USD capital markets. Net refinancing is expected to turn positive in 2026 after years of negative territory, which should expand the opportunity set while remaining easily absorbed by the market. The primary market slowed heading into the holiday season in December, but issuance is likely to pick up in January which is traditionally a busy month.

Fund Performance

In December, the BGF Asian Tiger Bond Fund (A2 share class) returned 0.18% net of fees while its benchmark, the JACI, returned 0.30%.

Key contributors to active returns included overweight and security selection in India (utilities, industrials, metals & mining, financials), security selection in Hong Kong, off-benchmark allocation to broader APAC (Japan and Australia), alongside other diversified contributors.

Detractors were diversified and mainly came from an underweight in Indonesia sovereigns and off-benchmark convertible bond positions.

Market Outlook and Investment Strategy

Changes in Positioning

The fund added select INR issuers and smaller diversified additions elsewhere. On the other hand, we trimmed our exposures in INR IG credit, Japan HY credit and others. As the year draws to a close, we have selectively taken profits and maintained a modest cash buffer in anticipation of heavier issuance at the start of the new year. This approach ensures we are well-positioned to deploy capital into opportunities where we have strong bottom-up conviction.

On the rates front, we increased USD duration slightly to 4.57 years mostly in the front and belly of the curve while keeping our exposure to the long-end unchanged. We also made small tweaks to our non-USD duration exposures.

Positioning

Duration: 4.81 years total duration as of end December 2025, with 4.57 years from USD duration and 0.24 years from non-USD duration (tactical opportunities in currencies like INR, AUD, KRW, SGD, CNH, HKD). USD duration exposure is mostly in the short-to-belly parts of the curve which we continue to favor for its balance of yield and volatility, while remaining cautious on the long-end which we see as more vulnerable to term premium repricing and associated rates volatility.

Average IG credit quality: The fund's average rating is firmly IG at BBB, with 62% in IG and cash as of end December. The APAC IG segment, which makes up the largest part of the portfolio, remains a resilient source of carry with a strong presence of sovereign/quasi sovereign issuers, shorter duration than global IG counterparts, and an absorbable issuance pipeline. We have identified many attractive IG opportunities outside the traditional IG market. These include non-USD credit markets diversified across currencies,

AUD securitized assets (highly rated floating rate instruments offering attractive spreads), convertible bonds (which offer both equity upside and bond floor downside protection) and more bespoke structures that offer superior spreads and structural seniority versus USD bonds.

Shorter-dated carry: Portfolio yield is 6.16% as of end December 2025, compared to the benchmark's yield of 5.01%. While this is in part from the portfolio's overweight in non-IG, it is worth noting that the majority of that overweight comes from the higher quality BB rated bucket, and also from the very short-dated bucket (71% of the active yield contribution comes from securities maturing or getting called in the next 1 year). This approach focuses on high-conviction names nearing maturity to minimize default risk. Looking toward 2026, Asia high yield continues to offer a compelling risk-reward profile, supported by strong fundamentals, improved credit quality, attractive valuations, and low expected default rates (default rates in Asia HY are expected to fall to their lowest levels since 2019, well below EM, European and US HY defaults). While Asian IG credit trades close to historical tight, Asia's HY spread over IG remains close to multi-year high, offering an attractive spread pick-up. The short duration nature of the asset class adds to its appeal in today's environment of rate volatility.

Diversified geographical and sectoral exposures: The largest countries as of end December 2025 are India and Australia, which are 18% and 12% respectively. We find attractive bottom-up opportunities across the full set of countries in the investment universe. We do not have outsized overweight or underweight positions in most regions and sectors, aside from our underweight in Indonesia and Philippines sovereigns and in China, Korea and Hong Kong IG due to tighter valuations. We use these underweight positions to fund overweight positions in securities with more attractive valuations, with the key buckets being overweight in India HY (supported by a resilient domestic growth story, attractive valuations and strong fundamentals in select renewables, steel companies, infrastructure credits, and non-bank financing companies) and off-benchmark regions in broader APAC (i.e. Australia and Japan which are mostly in high quality financials with attractive carry) and the Middle East (which offers diversification with attractive carry and limited supply risk). Across the APAC region, bank capital stands out as well-capitalized, supported by robust regulatory regimes and benign NPL trends; broadly, we like capital securities over bank seniors for relative value. Finally, it is worth noting that China property is now an immaterial component of the benchmark at ~1%.

Focus on credit selection to optimize reward against risk: The team seeks to allocate to the most attractive opportunities at the security level, even where it concerns the same sector or issuer. The fund also allocates across both straight bonds and convertible bonds, depending on which securities we find the most undervalued. For example, we partnered with a counterparty to create an exchangeable bond that allowed us to capture the equity upside from the issuer's stock while retaining the credit floor of the counterparty. This is a clear case of us leveraging our expertise to deliver both growth potential and downside protection, and this unique structuring deal was only possible with the depth of our capabilities and strength of relationships with counterparties. In financials, we are underweight a UK-based EM Asia focused bank in the benchmark and are using that underweight to fund an off-benchmark position in another UK-based Asian focused bank as we saw better fundamentals and more attractive valuations in the latter. The portfolio also invests across currencies, with 24% across USD, AUD, INR, EUR, CNH, SGD, HKD and JPY credit where relative valuations are more attractive – all our FX exposures are hedged back to the base currency of USD, picking up additional yield from FX hedging in the process. Finally, the portfolio also allocates to markets like AUD securitized assets, which are AAA-rated floating rate instruments offering a yield pickup over other IG securities and over securitized assets in other regions. In

short, our platform's breadth and depth allow us to uncover opportunities that go beyond the constraints of a pure JACI-style strategy. This flexibility—combining local market access and rigorous credit selection—underscores our differentiated approach to Asia Fixed Income.

Source: BlackRock (Luxembourg) S.A.

HSBC Insurance China Equity Fund (SGD)

Investment and Market Review

Despite notable volatility arising from tariffs, evolving expectations regarding Fed rate cuts, and shifts in AI sentiment, 2025 marked the highest annual return for the Chinese equities market since 2017. This performance was primarily driven by innovative breakthroughs across fields such as AI and supported by robust liquidity. Within the context of an otherwise subdued economy, substantial capital inflows were directed toward select sectors, notably technology and healthcare, while pro-cyclical sectors remained largely out of favor among investors.

During the year, the fund posted strong returns and outperformed its benchmark, mainly due to overweight positions in materials, healthcare, and industrials. Positive sector allocation offset negative stock selection, which was impacted by underperformance in consumer discretionary and staples.

At the individual stock level, Zijin Mining and Shandong Gold Mining were leading performers, driven by rising gold prices resulting from a weaker USD and increased geopolitical tensions. Within the materials sector, Yunnan Aluminum also posted strong gains as global supply constraints pushed aluminum prices higher. Conversely, underweighting Tencent negatively impacted results, since the stock rose amid growing excitement about AI in China. Our investment in Meituan further weighed down performance, as intensified competition in both food delivery and quick commerce created uncertainty surrounding the company's margins and profitability. Lastly, garment exporter Shenzhou International underperformed due to tariff concerns during the year.

Market Outlook and Investment Strategy

For 2026, strong liquidity is expected to continue flowing into equities, supported by persistently low local interest rates, limited returns from alternative investment options in China, and the possibility of further rate cuts in the US. However, thematic growth areas such as technology, innovative healthcare, new consumption trends and policy beneficiaries, are likely to remain in favor, whereas traditional demand-driven and property related sectors are expected to stay weak. If popular sectors become overcrowded and valuations get too elevated, the market is likely to experience increased sector rotation and greater volatility, as these sectors become increasingly sensitive and susceptible to shifting news and momentum.

To move beyond this concentrated market trend and achieve a broad-based bull market that includes pro-cyclical and consumer-driven sectors, a genuine economic recovery—accompanied by a return of inflation—is essential. To conclude, we believe more effective policy changes are required. These policies should specifically address concerns related to income expectations, social security, and pressures in the real estate sector, among other key areas. Nonetheless, market expectations for a significant increase in stimulus measures remain muted in the short term, as the government prioritise achieving self-sufficiency, fostering innovation, and supply-side management. This reinforces our views that widespread gains across the market are unlikely in the next few months.

From a technical perspective, valuations in the Chinese markets have reverted to more normalised levels following the rally that commenced in September 2024. Currently, the market is trading at one standard deviation above its long-term average. Further multiple expansion remains possible—particularly if demand for US assets continues to diminish, China-US relations improve, or an unexpected policy shift arises in China. However, a substantial re-rating of the market is improbable at this level and any significant upside in 2026 will need to be supported by a recovery in corporate earnings.

Although we maintain a broadly optimistic view on China's market outlook for 2026, it is important to recognise the risk that a potential reversal of AI-driven trades in US markets could trigger broader volatility across global financial markets. Furthermore, ongoing US-China tensions and uncertainty surrounding the timing and scale of US interest rate cuts are likely to remain significant factors influencing overall market sentiment and dynamics.

Source: Schroder Investment Management Limited

HSBC Insurance Chinese Equity Fund (SGD)

Investment and Market Review

The MSCI China 10/40 Net Index gained 11.77% over the second half of 2025 (SGD term). In terms of sectors, Materials was the top performing one while Real Estate underperformed.

China underperformed in the Asia markets, due to persistent macroeconomic challenges, weak consumer sentiment, regulatory uncertainties, and slowing growth across key sectors including healthcare, technology, and real estate.

The fund outperformed the benchmark on a 6-month basis. Positive stock selection effect in Industrials and Materials were the largest contributors to performance. On the other hand, unfavorable allocation effect in Energy was the largest detractor to strategy performance.

The largest stock contributor over 2H25 was CATL while the largest stock detractor was Pop Mart International.

In terms of sector positioning, we are most overweight to Information Technology and most underweight to Consumer Discretionary as of December 2025."

Market Outlook and Investment Strategy

China is paving the way for sustainable economic growth. The anti-involution campaign in upstream sectors has already delivered clear results, with producer price deflation easing significantly in recent months. We expect this supply-side restructuring to remain a multi-year policy priority, focused on lifting capacity utilisation through targeted capacity reduction, stricter regulation, and higher industry standards. At the same time, stimulating consumption has been elevated to the highest economic priority for the first time in more than a decade. The strong emphasis placed on consumption during the latest National People's Congress signals a more supportive fiscal stance and is visibly restoring investor confidence. Looking ahead, we believe the anti-involution push will gradually extend into consumer-facing industries, helping restore corporate pricing power and encouraging households to accept modestly higher prices. Combined with direct consumption-support measures, this should provide meaningful support to demand

sentiment. Against a favorable base, we forecast a mild reflationary impulse to emerge in the second half of 2026.

Source: HSBC Global Asset Management

HSBC Insurance Emerging Markets Equity Fund (SGD)

Investment and Market Review

Emerging market (EM) equities delivered strong double-digit gains over 2025, ending comfortably ahead of MSCI World. The first half of the year was characterised by ongoing trade tariff and US policy uncertainty, with significant, albeit relatively short-lived, volatility caused by President Trump’s “Liberation Day” tariffs announced on 2 April. The remainder of the year saw various countries make broad progress on trade deals. While there is ongoing uncertainty on end-state tariffs for many countries, tariff risk may have a positive skew. Meanwhile, investor enthusiasm for technology-oriented stocks – driven by artificial intelligence (AI) capital spending – boosted many of the tech-heavy index markets, including Korea and Taiwan, but also China. In addition, monetary policy easing in some EM economies as well as in the US, where the Federal Reserve cuts its policy rate three times over the period, as well as a notably weaker US dollar over the year supported EM returns in general.

Colombia was the top-performing index market over the year, on the back of robust returns from index heavyweight Bancolombia. Korea was also notably strong and benefited from the demand for AI-related technologies and an improving political environment.

Rising metals prices contributed to the South African index market’s returns, as did a weaker US dollar and monetary policy easing as the central bank cut interest rates four times over the year. Greece, Poland, Peru, Chile and Czech Republic also delivered high double-digit returns in US dollar terms. The Mexican index market outperformed against a backdrop of improving terms of trade with the US, ongoing strength in the US economy (which Mexico is closely economically linked to) and a number of interest rate cuts.

The Brazilian market gained, helped by dollar weakness. The central bank raised the policy rate four times in the first half of the year — reaching 15% by mid-June — responding to inflationary pressure, while political uncertainty created some market volatility in the second half of the year.

Taiwan outperformed, driven by the rally in AI-related stocks, although uncertainty about tariffs on the technology sector weighed on the market earlier in the period. China ended the period just behind the EM index. The market performed well for most of 2025, owing largely to investor optimism about its AI capabilities and progress on trade talks with the US. However, the final quarter of the year saw the market give back some gains as investors took profits with softer macro data, limited new policy support and heightened concerns about ongoing weakness in the property market, weighing on sentiment towards the end of the year.

The UAE, Kuwait and Qatar underperformed against a backdrop of weaker energy prices, while India lagged the EM index by some margin owing largely to ongoing growth concerns, earnings disappointments, high market valuations and uncertainty related to US trade tariffs.

The Philippines, Turkey, Indonesia and Saudi Arabia all declined in US dollar terms over the year with US-dollar pegged Saudi Arabia particularly hard hit by the combination of weaker energy prices and heightened geopolitical tensions in the Middle East.

The fund outperformed its benchmark with both country allocation and stock selection contributing strongly to relative returns.

The biggest country allocation effect came from the fund's underweight positions in India and Saudi Arabia. The fund also benefited from its overweights to Poland, Brazil, Mexico and Peru, as well as its underweight to Thailand and Malaysia, and zero-weight to Turkey. On the negative side, the off-benchmark position in Argentina (which was sold out of in October), the fund's exposure to China and its cash position detracted.

Stock selection in Taiwan (overweight Delta Electronic, Unimicron Technology, Ase Technology, Elite Material and Accton Technology) and China (overweight Zijin Mining, Sieyuan Electric, Sungrow Power Supply, Innovent Biologics, CATL, Zhejiang Sanhua Intelligent Controls) added the most to returns. Korean stock selection (overweight Hanwha Aerospace, SK Hynix, Samsung Electronics,, zero-weight Celltrion) was also strongly positive. Stock selection in Chile (off-benchmark Antofagasta) also added to returns.

Conversely, stock selection in Brazil (overweight Suzano, XP, Prio, Raia Drogasil) and India (overweight Tata Consultancy, off-benchmark MakeMyTrip, overweight Varun Beverages, Bajaj Finance, Power Grid Corp.) was negative. It also weighed on returns in South Africa (zero-weight AngloGold Ashanti, overweight Shoprite Holdings, Absa Group, Bid Corp., FirstRand), Mexico (overweight Femsa, zero-weight Grupo Mexico and Industrias Penoles) and Indonesia (overweight Bank Central Asia and Bank Rakyat, zero-weight Barito Pacific, underweight Telkom Indonesia).

Market Outlook and Investment Strategy

Global markets appear to have shrugged off the geopolitical disruption caused by President Trump's military action in Venezuela in early January and continue to advance as the supportive themes of 2025 remain in play. These include ongoing progress towards broad global trade deals, investor enthusiasm for technology stocks - driven by AI capex - and monetary policy loosening in some economies.

Ongoing US policy uncertainty and the economy's large twin deficits have contributed to weakness in the US dollar, from richly valued levels. This, together with increased global liquidity, is a tailwind for EM in general – not only should a weaker dollar create a deflationary impulse on domestic inflation, which will allow some loosening of monetary policy in certain economies, but it should also support capital inflows, lower debt-servicing costs and boost corporate earnings. While it is difficult to predict short-term currency moves, our view remains that the dollar will weaken over the medium-term.

Meanwhile, global trade should be supported by ongoing resilience in US demand, and the re-routing of Chinese trade is underway. There is ongoing uncertainty on end-state tariffs for many countries, but tariff risk may have a positive skew.

The technology cycle should provide further support as we expect AI-related capex demand to remain strong during 2026, driven by capex commitments by US hyperscalers. However, markets anticipate this and increased visibility on 2027 capex will be important.

In China, the equity market performed well for much of 2025 helped by improved sentiment although the final quarter of the year saw some of these gains reverse as investors took profits. The macroeconomic backdrop remains soft, but not weak enough to prompt meaningful policy action. We continue to expect policy support to be incremental and reactive, with the focus on achieving the 5% growth target, and execution will be key. However, the improvement in trade relations with the US has removed a key geopolitical overhang for Chinese assets which, together with China's leading tech and AI development position, should be supportive of the equity market.

Headline EM valuations are expensive across a range of metrics, but the underlying country picture is more nuanced. After strong rallies in north Asia, all the large Asian markets are now expensive; however, parts of Latin America and emerging Europe remain undervalued. Positive earnings revisions are coming through in market leading areas but need to broaden out to provide a fundamental basis for sustained performance this year. Easier monetary policy should provide space for this to happen.

Near term, the key risks for EM continue to be the policy uncertainty associated with the Trump administration, and its implications for global growth, policy developments in China, and a sooner-than-expected slowdown in AI demand. Geopolitics is a further area to monitor, both in terms of US-China relations, as well as the ongoing conflicts in Ukraine and the Middle East, and US ambitions elsewhere.

Source: Schroder Investment Management Limited

HSBC Insurance Ethical Global Equity Fund (SGD)

Investment and Market Review

Global equities started 2025 on a strong note as they collectively advanced in January amid a generally solid economic backdrop. However, investors expressed concerns about US President Donald Trump's tariff plans and a potential global trade war, as well as the emergence of China-based open-source artificial intelligence (AI) model DeepSeek. On the economic front, global manufacturing activity expanded in January for the first time in seven months, and flash reports for the same month showed that global services activity continued to grow in many regions. As measured by MSCI indexes in US-dollar terms, developed market equities outpaced emerging market equities, while global value stocks substantially outperformed global growth stocks.

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. On the economic front, global manufacturing activity expanded in March for the third consecutive month, and flash reports for March showed that global services activity continued to grow in several regions during the quarter. In this environment, the MSCI All Country World Index delivered a negative return in US-dollar terms, due mainly to losses in the information technology (IT), consumer discretionary and communication services sectors. Developed market equities underperformed emerging market equities, while global value stocks generated strong gains and outperformed global growth stocks.

The second quarter of 2025 began with US President Donald Trump's early April announcement of "reciprocal" tariffs that were more severe than expected, leading to significant financial market volatility. However, global trade tensions subsequently eased as the United States delayed planned

tariff hikes, reducing investor fears of a global recession. The onset of the Israel-Iran conflict in mid-June had minimal impact on global equity markets, although oil price volatility briefly rose due to concerns of a broadening conflict. Against this backdrop, the MSCI All Country World Index (MSCI ACWI) of stocks generated positive returns in US-dollar terms as nine out of the 11 global equity sectors advanced, led by information technology (IT), communication services and industrials sectors. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.

Global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, prospects of accommodative central bank policies grew, and technology leadership persisted. Against this backdrop, the MSCI All Country World Index rose in US-dollar (USD) terms, with growth stocks outpacing value stocks. Ten of 11 sectors advanced in the third quarter, led by information technology (IT) and communication services. Regionally, US equities led developed markets, buoyed by strong earnings, fading recession fears, and artificial intelligence (AI) enthusiasm. The US Federal Reserve's (Fed) 25-basis-point rate cut in September propelled US indexes to record highs. European equities also posted USD gains but lagged the US and Asia markets. Improved earnings and buyback news supported regional sentiment, with British stocks marking record highs and the French market holding relatively steady despite the country's political turbulence. The European Central Bank kept rates unchanged throughout the quarter; the Bank of England stood pat after cutting in August. Asian equities delivered some of the strongest gains globally. In Japan, the US-Japan trade deal struck in July reduced market anxiety around US tariffs, helping investors look past political uncertainties following the election defeat of the ruling Liberal Democratic Party in July. The Bank of Japan continued to hold rates steady, and the timing of monetary policy tightening remains unclear. Chinese stocks also gained but saw some volatility, as optimism around AI self-sufficiency clashed with macroeconomic concerns around US trade tensions, shrinking manufacturing activities and deflation.

Global equity markets posted moderate gains in the fourth quarter of 2025, marking a period of consolidation after the stronger advance seen in the third quarter. The quarter unfolded against a backdrop of easing but uneven monetary policy expectations, greater dispersion across regions and sectors and a rotation away from the most crowded growth themes. October extended the post-summer rally as interest-rate cuts and resilient earnings supported risk appetite; November saw a pause as investors reassessed valuations and policy timing; and December stabilised sentiment as central banks delivered broadly dovish outcomes while flagging increased data dependence into 2026. Against this backdrop, the global equity benchmark MSCI All Country World Index (ACWI) gained in US-dollar (USD) terms, with value stocks edging growth stocks. Financials, materials, health care and energy emerged as relative leaders, supported by higher bond yields, firm commodity pricing and resilient balance sheets. Information technology (IT) and consumer discretionary lagged, as enthusiasm around artificial intelligence (AI) related capital expenditure (capex) moderated and valuation scrutiny intensified.

Market Outlook and Investment Strategy

We start the year of 2026 with a cautiously optimistic view. Favorable monetary conditions—with the Fed projecting to cut rates at least once this year—should combine with economic resilience and easing inflationary pressure to provide a conducive environment for risk assets. Signs of improved

sentiment are already visible, in our view, as market performance is now broadening beyond the narrow set of mega-capitalisation technology leaders that had largely driven the rally of the past three years. This is evidenced by the improved showing in segments of the cyclical and defensive sectors in the fourth quarter. Also, flows into non-US regions look likely to continue, potentially allowing Europe and APAC (Asia-Pacific) markets to extend their rally from last year.

The reasonably positive outlook will not distract us from our diversified and disciplined investment approach. We continue to see a stockpickers' market where dispersion of quality and returns remains elevated, necessitating a strong focus on valuation discipline, bottom-up stock selection and diligence in risk/reward adjustments. Our ability to identify a diverse range of mispricing opportunities across the quality, growth and value segments should continue to position us to sustainably compound long-term returns as the year progresses. The recent addition of Norwegian aluminium company Norsk Hydro—a high-quality cyclical favored for its cost position and the growth tailwinds in a tightening aluminium market—to the portfolio further underlined our stockpicking expertise, in our view.

In terms of portfolio structuring—we expect IT to remain a key sector, as AI should remain a viable theme in 2026. As mentioned, we do not share the market worry over a potential AI bubble burst, as our core allocations continue to deliver the kind of earnings growth that justify their asking prices. However, cognisant of valuations and the evolving bottlenecks of the AI ecosystem, we are also diversifying our exposure to the “picks and shovels” in the value chain. These include, for instance, enablers of semiconductor production and energy-related providers. Energy shortage—not just access to chips—is increasingly cited as a key hurdle for hyperscalers' capacity growth in the coming years. Our decision to initiate a new position in Siemens Energy in November and subsequently expand it reflected our aim to capture the opportunities emerging in this aspect. The German company is one of the global energy solutions leaders, with ample exposure to the growing power demand driven by AI data centres and tailwinds arising from energy transition trends.

At the same time, we look to maintain our overweight exposure to health care, following our decisions in 2025 to build positions in undervalued sector leaders and enhance our defensive growth bulwark. As their earnings potentially bottom out and regulatory risks moderate, we expect to reap the benefits of these preemptive moves. That underlying rationale of skating to where the puck is going, instead of where it is now, remains pertinent in 2026 and will inform our thinking as we explore a diverse set of best-in-class ideas to strengthen our portfolio. From growth to defensives to cyclicals, our investments will be style- and sector-agnostic. At their core, the companies that we are interested in are characterised by the same compelling qualities—they are strong businesses and resilient compounders that are under- or reasonably valued relative to their intrinsic worth, in terms of earnings power, free cash flows generation, balance sheet quality and shareholder returns, among other factors.

Source: Franklin Templeton

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. Despite reaching new closing highs earlier in the quarter, the Dow Jones Industrial Average and the S&P 500 Index ended the quarter with negative returns. The technology-heavy NASDAQ Index suffered a significantly larger decline as investors remained concerned about the potential effects of a Chinese company's new artificial intelligence (AI) model on US companies' AI spending. European stocks produced strong gains during the period amid signs of economic improvements and interest-rate cuts. Better-than-expected earnings reports by some companies and increased fiscal budgets by many of the region's countries, notably Germany, supported investor sentiment. In Asia, stocks collectively posted a modest gain, driven by the strong performance of Chinese stocks amid investor enthusiasm about the new AI model and signs of a more supportive stance from the Chinese government. As measured by MSCI indexes in US-dollar terms, developed market equities modestly underperformed a global index, while emerging market equities significantly outpaced it with positive results. In terms of investment style, global value stocks generated strong gains and substantially outperformed global growth stocks. Most fixed income spread sectors recorded positive total returns during the quarter. Higher-rated credits generally fared better than their lower-rated counterparts. Over the period, US Treasury yields fell across much of the curve.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the first quarter of 2025. The US Federal Reserve (Fed) maintained the federal funds target rate at a range of 4.25%–4.50% at its meetings in January and March. At the press conference following the March meeting, Fed Chair Jerome Powell indicated that the central bank's forecast of weaker economic growth and higher inflation in 2025 generally balanced out, thus maintaining its prediction of approximately 50 basis points (bps) in rate cuts for this year. The European Central Bank delivered rate cuts of 25 bps at both its January and March meetings, noting after the latter that it will follow a data-dependent, meeting-by-meeting approach given the increasing uncertainty about trade policy. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the second quarter of 2025. The US Federal Reserve (Fed) maintained its target range for the federal funds rate at 4.25%–4.25% over the period, signalling a data-dependent approach in response to the tariff-related turmoil in the aftermath of "liberation day." Headline-related US policy risks magnified the lack of clarity about the growth and inflation outlook, with June's Fed meeting resulting in updated forecasts that suggested widening divisions between policymakers on the Fed rate path. The European Central Bank reduced interest rates by 50 basis points to 2.00% during the period. Policy easing was driven by a significant repricing in the euro since early March, tighter financing conditions and lower energy prices. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the third quarter of 2025. The US Federal Reserve (Fed) made its first interest-rate cut of the year in September, lowering the target range by 25 basis points to 4.00%–4.25%. The Fed cited growing downside risks to employment, while noting that inflation remains elevated. Investor expectations are for two further cuts this year. The European Central Bank (ECB) held its key interest rates steady over the quarter. Inflation hovered around the 2% medium-term target, while core inflation showed signs of moderation. Growth and trade tensions posed downside risks, however, prompting the ECB to

maintain its data-dependent, meeting-by-meeting approach. Against this backdrop, the Sukuk market was also up.

Global aggregate bond indexes registered positive total returns in US-dollar terms over the fourth quarter of 2025. The US Federal Reserve (Fed) reduced rates by 25 basis points at both its October and December meetings, lowering the target range to 3.50%–3.75%. However, December’s decision highlighted significant internal divisions within the Federal Open Market Committee. The European Central Bank (ECB) held its key interest rates steady over the quarter. ECB President Christine Lagarde said that although the economy had remained resilient, uncertainty over trade and international conflicts would see the central bank maintain its data-dependent, meeting-by-meeting approach. Against this backdrop, the Sukuk market was also up.

Market Outlook and Investment Strategy

We are generally of the view that too many rate cuts may already be priced in and would argue that a terminal rate closer to 3.5% may make more sense.

Our analysis differs from the consensus in two key areas: We see economic growth in the United States remaining more resilient, declining somewhat in the fourth quarter of 2025 and the first quarter of 2026, before recovering to 2.1% by the end of the year. Consensus had growth lower—closer to 1.5%, but that is gradually changing. We see core inflation remaining around 3%, well above the Fed target of 2%, at the end of 2026. Therefore, we see some value at the long end of the US curve, not so much in the short end, which is more vulnerable to changing rate-cut expectations. This is, however, a conducive market for fixed income, where income and diversification, or capital protection, are on offer, particularly in high-quality fixed income sectors, of which global sukuk are good examples.

We continue to maintain a defensive and highly selective stance with respect to credit risk, ensuring that risk is taken only where compensation is commensurate.

Despite our tactically defensive posture, it is important to keep in mind that Gulf Cooperation Council (GCC) bonds and global sukuk continue to stand out globally, supported by impressive credit fundamentals. GCC issuers benefit from stronger sovereign balance sheets, higher reserves-to-gross domestic product ratios and lower debt burdens compared to their global peers. These structural advantages translate into a more efficient compensation per unit of risk, making the region particularly attractive in a world of elevated debt and compressed spreads.

The relative strength of GCC fundamentals provides a buffer against potential market stress, reinforcing the case for long-term allocations to global sukuk.

Source: Franklin Templeton

HSBC Insurance Europe Dynamic Equity Fund (SGD and USD) Investment and Market Review

An overweight in Konecranes, the Finnish company specialising in lifting equipment and services, contributed relatively. The company’s strong order intake growth, stable demand environment and record

high EBITA margin positively impacted its stock performance. Additionally, effective project execution and strategic pricing adjustments supported profitability.

An overweight in NatWest Group, the UK-based banking and financial services company, contributed relatively. The bank showed strong third-quarter financial performance with significant growth in income and returns, driven by robust customer activity and effective cost management. Additionally, the bank upgraded its full-year guidance and positive momentum across all business divisions.

Not holding AstraZeneca, the global biopharmaceutical company headquartered in the UK, detracted relatively. AstraZeneca reported strong growth momentum and pipeline delivery, with significant regulatory approvals and positive Phase III trial results.

An overweight in VusionGroup, the French company specialising in electronic shelf labels (ESLs), detracted relatively. Despite strong growth and new deals, the stock underperformed due to concerns about sustaining growth and margin improvements beyond 2027.

Market Outlook and Investment Strategy

We are currently most overweight in pharmaceuticals, biotechnology & life sciences, and software & services. The largest underweight positions are in financial services and capital goods.

We initiated a position in Capgemini, the French-listed IT services company. The company's third-quarter results exceeded consensus expectations, supported by robust revenue growth driven by increased adoption of AI services. Capgemini also reported positive developments regarding the WNS acquisition, prompting an upward revision of its revenue growth guidance. The shares trade at an attractive valuation relative to both historical averages and sector peers.

We exited our position in Galp Energia, the Portuguese-listed integrated oil company. The company announced a long-awaited joint venture with TotalEnergies to advance its Namibia exploration assets. However, the terms of the agreement were less favourable than anticipated, resulting in potential earnings downgrades, while momentum in the refining segment also moderated. Although the valuation remains undemanding, in the absence of a clear catalyst, we identified more compelling opportunities elsewhere.

Fiscal stimulus has driven strong performance in southern Europe, especially from the EU's Recovery Fund.

Germany's government investment is forecast to grow by 20% year-on-year in 2026, marking a significant regional development.

Europe continues to benefit from monetary stimulus. The eurozone remains sensitive to short-term interest rates and past rate cuts support credit growth.

Looking ahead, the focus is on selecting companies with attractive valuations, strong operational momentum and effective capital allocation strategies that are positioned to outperform in this cycle.

Source: J.P. Morgan Asset Management

HSBC Insurance Global Bond Fund (SGD)

Investment and Market Review

Fixed-income markets were volatile in January, due in part to US policy uncertainty as the Trump administration took office. The President’s rhetoric regarding tariffs and protectionist measures contributed to this volatility—especially his announcements related to Mexico, Canada, China and the EU. However, reports suggested that actual policy measures could be milder than the most aggressive options discussed.

March was yet another eventful month as financial markets digested US tariff announcements, geopolitical developments and plans for increased European fiscal spending. Global government bond yields generally ended June lower. Corporate bond spreads narrowed, and the US dollar weakened. Geopolitical tensions in the Middle East escalated as Israel launched an attack on Iran. This saw oil prices spike amid fears of a broader escalation and a significant disruption to global trading.

In September, the US Federal Reserve (Fed) lowered its policy rate for the first time this year, by 25 basis points (bps) to a target range of 4.0%–4.25%. This was widely expected following a series of soft labour market data, which shifted the balance of risks toward the employment side of the Fed’s dual mandate.

In December, the Federal Open Market Committee cut rates by 25 basis points (bps) for the third consecutive meeting, bringing the fed funds target rate range to 3.50%–3.75%. The committee added language to its statement linking “the extent and timing” of further policy actions to incoming data and the evolving outlook. The underweight on Japanese duration, Steeper US yield curve, Flatter Japanese yield curve, Overweight US agency mortgage-backed securities and Overweight Australian dollar and Polish zloty added to returns.

Market Outlook and Investment Strategy

Western Asset’s outlook remains constructive, though we recognise that growth momentum is tempered by uncertainty in areas such as geopolitics and fiscal sustainability.

US financial conditions are largely supportive, which, alongside proposed fiscal loosening and solid household balance sheets, points towards a positive foundation for growth in 2026. Headwinds remain, including doubts over the state of the US labour market, core inflation lingering above target and the potential lagged impact of tariffs. Having cut rates at three successive meetings since September, the Fed may now moderate its pace of easing and await further signals from the post-shutdown data releases. Fiscal vulnerabilities and persistent inflation may see the yield curve steepen further.

European growth is expected to benefit from German and European Union fiscal support with the ECB judging the eurozone economy to be “in a good place” with growth remaining positive and inflation close to 2%. In Japan, above-trend growth is expected in 2026 with a more expansionary fiscal policy under the new prime minister. The gradual pace of BoJ policy rate hikes is expected to continue. In China, policy is expected to focus on reflation and improving domestic confidence with further fiscal and regulatory support.

While we retain a modest overweight to interest-rate duration, we are concentrated in shorter maturities and biased to select countries and regions such as core Europe, Australia and the United Kingdom. While fundamentals remain positive, spreads are at the tight end of historical ranges in many sectors and warrant caution. We will continue to look for further periods of volatility to add to spread risk.

Source: Franklin Templeton

HSBC Insurance Global Emerging Markets Bond Fund (SGD and USD)

Investment and Market Review

The primary contributors to performance over the month were the security selection within Ukrainian sovereign debt, overweight exposure to Kenyan sovereign debt, and the tactical exposure to EM FX. Security selection within Ukrainian sovereign debt contributed to performance, as GDP-linked warrants outperformed after Ukraine launched a consent solicitation process seeking to exchange these instruments into bonds. Overweight exposure to Kenyan sovereign debt contributed to performance, as bonds outperformed on expectations of an upcoming staff visit from the IMF to discuss a potential funding program. The tactical exposure to EM FX such as the Colombian Peso and Egyptian Pound contributed to performance, as the currencies offer high positive carry.

Detractors from performance included the security selection within Peruvian quasi-sovereign debt, overweight exposure to Senegalese sovereign debt, and underweight exposure to EM spreads. The security selection within Peruvian quasi-sovereign debt detracted from performance, as a select overweight oil and gas company underperformed following news of potential bankruptcy filings or debt restructuring. The overweight exposure to Senegalese sovereign debt detracted from performance, as bonds continued to underperform on account of the sovereign's ongoing fiscal and debt pressures. The underweight exposure to EM spreads detracted from performance, as spreads tightened on the back of positive broader risk sentiment.

Market Outlook and Investment Strategy

Emerging markets (EM) enter 2026 with a constructive backdrop, supported by resilient growth, easing inflation, and generally healthier fiscal positions compared to many developed markets. Policy divergence is notable: Brazil is set to begin a prolonged easing cycle as inflation expectations fall, while Mexico and Turkey remain more cautious stances, creating opportunities for local duration and FX carry. Importantly, fiscal trajectories between EM and DM are diverging, with many EMs showing discipline and net creditor status. However, upcoming elections in Brazil, Colombia, and Peru introduce uncertainty around fiscal policy and investor sentiment, making risk management around these events essential.

Technical factors reinforce this positive outlook. Investor positioning in EM fixed income remains light compared to historical norms, leaving room for inflows as global liquidity improves. A softer U.S. dollar and declining developed market real rates should support EM local markets and FX performance, while liability management operations and reduced net issuance help mitigate refinancing risk. These dynamics, combined with structural under-ownership of EM assets, suggest a favorable technical environment for both hard and local currency debt.

Valuations across EM fixed income remain compelling relative to developed market alternatives. Sovereign spreads screen tight at absolute levels but for good reasons, with EM countries being upgraded at their fastest pace in 25 years. Local rates continue to offer attractive carry and real yields, especially in Latin America and frontier markets. Opportunities are concentrated in high-carry currencies, steep local curves, and select corporate and quasi-sovereign credits with strong fundamentals. Risks persist around commodity price volatility, geopolitical tensions, and election-driven policy shifts, but the combination of solid fundamentals, supportive technicals, and attractive valuations positions EM debt as a compelling choice for investors seeking diversification.

Source: PIMCO

HSBC Insurance Global Emerging Markets Equity Fund (SGD and USD) Investment and Market Review

The portfolio underperformed the benchmark in December.

Stock selection in Information Technology and China contributed to returns.

This was partially offset by stock selection in Financials and overweight exposure to Consumer Discretionary.

Stock selection in Financials, specifically Indian and Brazilian names, detracted from returns.

Brazilian digital bank, Nu Holdings, reported an increase in the NPL ratio in its Mexico business as well as a net loss.

Indian consumer financier, Bajaj Finance, continued to witness profit booking after it moderated its FY26 growth guidance.

Overweight exposure to Shriram Finance helped after news that Japan's MUFG will acquire a 20% stake.

Overweight allocation to Consumer Discretionary hurt performance, led by off-benchmark exposure to Coupang (South Korea) and Sea Ltd. (Singapore).

Coupang was impacted by concerns around potential fines and customer compensation after a data leak.

Sea Ltd. was negatively impacted by competitive pressure in Latin America.

Stock selection in Information Technology contributed, led by SK Hynix (Korea) and Zhongji Innolight (China).

SK Hynix benefited from optimism around high bandwidth memory (HBM).

Zhongji Innolight benefited from AI-driven demand.

Stock selection in China aided performance, with Shenzhen Inovance Technology and Sieyuan Electric as top contributors.

Innovance reported stable growth in Factory Automation.

Sieyuan Electric announced plans to issue H-shares in Hong Kong.

Markets – December 2025

Emerging Markets (EM) continued to outperform Developed Markets (DM) and the US.

Ongoing peace negotiations in the Russia-Ukraine conflict remained a focal point.

Escalating tensions between the US and Venezuela added to geopolitical uncertainty.

Saudi Arabia launched strikes in Yemen; UAE withdrew remaining forces.

US Fed delivered another rate cut, signaling policy rates are close to neutral.

Rising oil inventories nudged Brent crude lower; gold continued its rally.

Market Outlook and Investment Strategy

A weaker USD and deficit spending in major economies is a constructive backdrop for EM and Asia Pacific equities.

A global AI-led capex cycle adds further support.

Risks to growth from tariffs are fading, but geopolitics remain a persistent overhang.

Softer dollar eases global financial conditions, enabling EM central banks to lower rates.

Substantial fiscal support and accommodative monetary policy in the US, Europe, and China expected to sustain global demand.

North Asia remains central to global manufacturing and the AI supply chain.

In China, deflationary pressures and adverse cyclical forces have seen a policy pivot to target overcapacity.

Latin America and EMEA, especially in financials and consumer sectors, have attractive domestic growth opportunities.

Indian structural reforms underpin long-term growth; monetary and regulatory easing underway.

EM & Asia Pacific equities are trading towards the higher end of the last decade's price-to-book valuation range, but still look attractive on price-to-earnings multiples.

Source: J.P. Morgan Asset Management

HSBC Insurance Global Equity Fund (SGD)

Investment and Market Review

Global stock markets achieved strong gains in CY2025, supported by resilient economic growth, strong corporate earnings, moderating inflation, and a shift to easier monetary policy in the second half of the year. The AI investment boom was the dominant theme, fuelling infrastructure spending across sectors and regions, as well as investor optimism.

A period of downside volatility in the early part of the year – driven mostly by AI-related news, geopolitics and policy uncertainty – culminating in ‘Liberation Day’ market lows, was followed by a sharp and prolonged market rally through to the end of the year. This was emblematic of a narrative-dominated market where headlines and themes drove sentiment that, overall, sustained investor risk appetite, particularly during the second half of the year. Strong performance of more speculative areas of the market during the period – notably unprofitable and no revenue tech stocks – was indicative of market exuberance. This market dynamic coincided with a rotation away from quality stocks, which underperformed during the period. High growth stocks benefited in the US while the RoW favored value stocks as cyclical areas, such as materials, banks and defence, saw the biggest returns, driving greater breadth generally in ex US markets.

In contrast, returns in the US market were particularly concentrated as the technology sector, spurred by the AI investment boom, was a disproportionate contributor to returns. Although this was a tailwind during the year, the US underperformed other major regions as emerging markets and continental Europe led, supported by improving fundamentals, a weaker US dollar as well as a resilient global economy. Conversely, policy uncertainty, fiscal concerns, and geopolitical tensions weighed on US equities.

The portfolio outperformed its comparator index against this backdrop. In aggregate, the decision in the early parts of the year to add to defensive areas of the portfolio while moderating exposure to some of the more richly valued stocks helped insulate the portfolio amidst a volatile beginning to 2025. Despite AI stocks being well-represented in the portfolio, market exuberance in the second half of the year provided a more difficult backdrop as the corresponding underperformance of Quality as a style factor was a significant headwind.

Financials holdings performed particularly well during the year with several banks among the portfolio’s top contributors. These stocks benefited from a steepening yield curve, robust credit conditions and a revival in capital markets activity. Our holding in Morgan Stanley was representative of this while positions in Erste Group, BBVA and Intesa Sanpaolo helped to drive positive selection effect as European banks had another stellar year.

As mentioned, the AI theme once again dominated the market narrative throughout the year. Among the largest contributors, semiconductor holdings Broadcom, TSMC and KLA continued to benefit from the significant investment in AI infrastructure. This theme was also a tailwind for Alphabet through its Google Cloud business while the rollout of Gemini 3, which reinforced expectations for meaningful upgrades across search, cloud, and productivity tools, drove a significant re-rating of the stock in the latter parts of the period. There was, however, greater dispersion of returns within the theme compared to previous years as AI beneficiaries, Microsoft, Arista Networks and Cadence Design Systems, underperformed during the year despite solid fundamentals, positive revisions and strong competitive positions.

Another prevailing theme related to AI was the underperformance of software and related stocks as concerns of potential profitability disruption by AI drove a significant de-rating through the year. This dynamic negatively impacted Adobe, Booking, Salesforce and SAP as each underperformed. In many cases, we believe that the threat of AI disruption is overstated, particularly in enterprise software where these companies have entrenched platforms built upon decades of embedded workflows and proprietary datasets. Indeed, AI enhancement rather than displacement is the base case for many of the holdings we analysed. We did, however, recognise potential disruption for some positions, namely Adobe and Booking

Holdings. While both companies remain high quality with still relatively solid fundamentals, we decided to sell our positions in both companies due to the threat of lower cost AI-derived products and increased indirect bookings from AI trip planners, respectively.

Market Outlook and Investment Strategy

Our outlook, while broadly unchanged, remains under constant review given the potential for US trade policies to undermine global growth and negatively impact business confidence and consumer sentiment.

The short-term and long-term effects of these measures are uncertain, and markets dislike unpredictability, but we are already seeing downgrades to global growth estimates as companies delay capital investment plans and consumer spending slows in light of increased uncertainty and adverse near-term implications of Trump's proposals. There is likely to be continued volatility in the near term, which may create shorter-term dislocations and opportunities as an active manager.

Source: Schroder Investment Management Limited

HSBC Insurance Global Equity Volatility Focused Fund (SGD and USD)

Investment and Market Review

Global equities delivered strong performance in the second half of 2025, with the MSCI World rising above 10% in the period. US markets were led by technology and communication services, driven by AI-related growth, while defensive sectors lagged. Despite concerns over elevated valuations and macro challenges, the S&P 500 maintained its positive streak. European equities posted robust gains, supported by financials, defensive sectors, and accommodative monetary policy. Eurozone markets cooled slightly in Q3 after a strong start to the year, while UK equities rallied on global demand and a weaker pound. China and Latin America outperformed, buoyed by tech exposure, policy support, and optimism for broader growth. Overall, resilient earnings and optimistic sentiment drove global indices higher, with several markets ending the year near record highs.

Over the review period, the fund underperformed its market cap weighted index. Our exposure to Styles and countries contributed to performance, while industries exposure detracted overall. On a portfolio level, within styles, our exposures to Value, Industry Momentum and Quality contributed to performance, while our exposures to Size and Low Risk weighed on performance. On a country basis, our overweight allocations to Canada and Spain coupled with our underweight exposure to United States contributed to performance. Conversely, our overweight allocations to Turkey and Saudi Arabia coupled with our underweight exposure to South Africa weighed on performance. On an industry basis, our underweight exposures to Software & Services, Consumer Discretionary Distribution & Retail and Commercial & Professional Services contributed to performance. Conversely, our underweight exposure to Semiconductors & Semiconductor Equipment coupled with our overweight allocations to Telecommunication Services and Consumer Staples Distribution & Retail weighed on performance.

Market Outlook and Investment Strategy

The HGIF Global Equity Volatility Focused Fund's investment strategy follows a proprietary systematic investment process which focuses on risk premia offered by exposure to factors such as Value, Quality,

Momentum, Low Risk, and Size. The portfolio construction process seeks to maximize the Fund's risk-adjusted return while reducing volatility and drawdowns during periods of market turbulence.

In 2026, we expect a "role reversal" in areas of the macro, policy, and market environment, with US leadership fading, and growth converging in the west. Global market performance will be dependent on profits growth. Market leadership and corporate profits will keep "broadening out", especially in Asia and other emerging markets. Economic derisking and improved policy have made those regions structurally safer and less volatile. We expect 2026 profits growth to be driven by the AI super-cycle – but there is a risk that expectations, and valuations, are too high. Global stocks should perform as GDP and profits growth converge – but while re-ratings drove returns last year, profit growth will be increasingly important in 2026.

We believe the fund continues to be well positioned to weather the uncertainty and market turbulence we are likely to see in terms of geopolitical risks and macro uncertainty, and the risk-aware and globally diversified approach across both developed and emerging markets that our Fund follows continues to be appropriate.

Source: HSBC Global Asset Management

HSBC Insurance Global High Income Bond Fund (SGD and USD)

Investment and Market Review

The strategy delivered positive absolute performance over the period, gross of fees. Overall, the fund saw positive contributions to return as well as relative outperformance across all asset classes. On an asset class basis EM was the strongest performer followed by US and Euro Credit with Securitized Credit lagging. On a relative basis EM again performed the best vs its investment universe followed by Securitized Credit and Euro Credit with US Credit delivering the least outperformance.

The period started with a market rally following the volatility caused by the tariff announcements in April that ran through September. October and November saw a shift in market sentiment, however, as renewed trade tensions, default headlines, worries over the levels of AI investment and a more hawkish Fed saw an increase in volatility. December, however, saw broadly benign data releases following delays due to the Government shutdown which together with the third 25 basis point cut by the Fed over the period provided a positive backdrop to risk asset into year end.

The US treasury curve steepened over the second half of the year. The 2, 5, 10 and 30 year saw yields move by -0.25%, -0.07%, -0.06% and +0.07% respectively to finish December at 3.47%, 3.73%, 4.17% and 4.84%. At the same time global credit spreads tightened with IG and HY moving lower by -9 and -22 bps respectively.

Market Outlook and Investment Strategy

As we move into 2026 investors have a number of issues to contemplate such as high market valuations, geopolitical tensions, sticky inflation, a new central bank chair and the impact of tax cuts and spending policies to name a few. Despite this, markets seem unperturbed, starting the year with a rally that has seen some equity indices setting record highs and credit spreads tightening. Rates volatility appears more subdued with the markets pricing around 2 further 25 bps rate cuts in 2026.

In the portfolio we maintain a slight overweight to credit beta of approximately 1.1 vs the investment universe as we believe credit markets are well supported by solid fundamentals and a positive macro backdrop. We also maintain a yield advantage over the Universe. From a duration positioning perspective, the strategy is more neutral overall but maintains its steepening bias. In the US the strategy is marginally overweight duration while in EUR, the fund is neutral on duration but maintains a flattener positioning through an underweight of the front end and overweight to the intermediate segment. Sector positioning is underweight basic materials as the sector faces headwinds and we have also started to reduce the overweight to Utilities which have outperformed and have heavy expected supply in the coming months. We continue to favor select EM exposure and remain comfortable with our current level of HY exposure.

Source: HSBC Global Asset Management

HSBC Insurance Global Multi-Asset Fund (SGD)

Investment and Market Review

2025 was a breathless mix of tariffs, fiscal expansion, deregulation, and AI-fuelled ambition, leaving investors torn between excitement and exhaustion. For the Fund, and for markets more broadly, it was a constructive year defined by the power of broadening out. In the US, dramatic shifts in policy, immigration curbs, deregulation, and geopolitical interventions forced a rethink of US exceptionalism, while even megacap tech, once a bastion of stability, faced renewed scrutiny as business models shifted from asset-light to debt-funded and asset-heavy, raising questions about valuations and concentration risk.

Outside the US, the tone was far more encouraging. Europe benefited from a delayed but meaningful fiscal awakening in Germany, improving credit conditions, and gathering momentum in rate cuts, which lifted confidence and lending. Mid-caps broke years of underperformance, hinting at a more sustainable recovery. Asia contributed its own transformation: Japan advanced its corporate reform and buyback cycle while maintaining valuations well below US peers, and in China, DeepSeek reignited AI competitiveness as targeted stimulus stabilised sentiment.

The Fund's approach helped the team navigate the noise. Overlooked equity segments, such as European cyclicals and Japanese industrials, regained traction. Fixed income required caution amid razor-tight US spreads, prompting an emphasis on diversification through high-quality securitised credit and selective emerging market debt exposure. As the year progressed, the portfolio moved steadily away from expensive, concentrated market areas and leaned further into international opportunities.

Market Outlook and Investment Strategy

Looking ahead to 2026, the year is already being shaped by Divergence, Dispersion, and Deregulation. Global liquidity remains ample, supported by fiscal expansion in Japan and Europe, accommodative policy stances, and the possibility of further rate cuts in the US. Nonetheless, geopolitical fragmentation suggests considerable regional divergence. Interest rates are expected to rise in Japan, Canada, Australia, and Europe, while the US—despite ongoing stimulus and sticky inflation—is still projected to cut rates two or more times.

Corporate behaviour is undergoing one of the most significant business-model transitions in decades, a shift likely to increase volatility and fuel dispersion. This environment naturally favours a forward-looking, research-driven approach. Deregulation is expected to be a defining feature within financials and, to a degree, healthcare. For Global Multi-Asset Income, the focus will remain on regions where expectations are low and fundamentals are improving. The team will target AI beneficiaries across Korea, Taiwan, and Europe, rather than concentrating on the large AI spenders in the US. Persistent inflation risks will be balanced using markets offering strong real yields and low-duration structures. During periods of volatility—whether triggered by geopolitical shocks, policy missteps, or abrupt market recalibrations—the increased use of overlays is designed to absorb and cushion disturbances within an increasingly fragmented global environment.

Investors should expect a world in which dispersion intensifies, leadership rotates across regions and sectors, and success depends on bridging top-down and bottom-up insights within a total-portfolio framework. The strategy is intentionally built for such a world, one defined by divergence, dispersion, and diversification. Its research-driven, internationally oriented approach significantly broadens the opportunity set.

In 2026, broadening out will not simply be helpful—it is likely to be essential.

Source: Schroder Investment Management Limited

HSBC Insurance Global Sustainable Equity Portfolio Fund (SGD and USD) Investment and Market Review

Global equities, as measured by the MSCI [1] All Country World Index [2] (ACWI), increased 11.17% for the second half of 2025, in US dollar terms. Global markets rallied over the summer as investors maintained their enthusiasm for AI-related stocks, but uncertainty over future US Federal Reserve rate cuts grew after conflicting data on US employment and inflation. Remarks from Fed Chair Jerome Powell in August clarified the central bank's shifting focus to labor market weakness, and the Fed subsequently lowered interest rates three times in the second half of 2025. Concerns over technology stock valuations and future Fed monetary policy decisions weighed on US stocks throughout the fourth quarter as investors rotated from growth stocks into the more undervalued sectors of the market. Investors also looked to equity markets outside the US to diversify from large-cap technology. Within large cap markets, both growth and value stocks gained in absolute terms, with growth outperforming on a relative basis. Both large- and small-cap stocks increased in absolute terms, with small-cap stocks outperforming on a relative basis.

For the second half of 2025, Class A shares of the AB Sustainable Global Thematic Portfolio declined in absolute terms and underperformed the Benchmark, the MSCI ACWI, net of fees. Stock selection detracted from relative returns while sector selection was positive overall. Selection within technology and healthcare detracted the most. An overweight to technology and an underweight to consumer staples contributed.

Xiaomi, a diversified consumer technology and electric vehicle (EV) manufacturer, detracted amid negative headlines surrounding its EV business and margin pressures in smartphones. While EV deliveries continued to grow, regulatory delays affecting new factory openings and safety concerns related to the smart driving features of its vehicles dampened sentiment. Rising memory costs added pressure to

handset profitability. Although Xiaomi's strategy to drive premiumization and expand its ecosystem supports a constructive long-term view, the memory-driven cost challenges and incremental pressures in the EV landscape will persist near term.

Zebra Technologies, a provider of enterprise asset intelligence and automation hardware, detracted as customers deferred hardware refresh cycles into mid-2026, citing trade policy uncertainty and cautious capital spending. Organic revenue growth slowed meaningfully, prompting downward revisions to near-term expectations. While fundamentals appear challenged in the short run, the company's leadership in AI-enabled mobile computing and automation solutions supports a favorable long-term growth profile. Geopolitical uncertainty and trade policy are likely to remain a headwind in the near term.

Branded beverage company Primo Brands detracted following disappointing 2Q:25 earnings due to canceled orders and service disruptions in the direct delivery business. Despite operational missteps, management implemented a recovery plan that has seen service rates improve. Leadership changes within Primo Brands have also added to uncertainty. The bottled water segment showed resilience, and we are watching for improving execution for our thesis to stay on track.

Prysmian Group, a global cabling solutions provider contributed to strong secular demand in transmission and distribution infrastructure, winning major contracts during the period. Compared to peers, Prysmian is insulated from tariff risks due to its vertically integrated US operations, enhancing its competitive position. The stock remains attractive compared to historical averages, and management has raised full-year guidance, citing a robust backlog extending through 2028 that reinforces its role in the global energy transition.

Taiwan Semiconductor Manufacturing (TSMC), a premier global semiconductor foundry, contributed, supported by robust fundamentals and optimism around AI-driven demand. Despite some volatility earlier in the quarter tied to a broader sell-off in AI-related stocks, shares rallied into year-end as investors anticipated strong capital spending guidance and multi-year revenue growth tied to advanced process nodes. The company's disciplined capacity management and pricing power at leading-edge wafer production reinforce its competitive advantage. With AI adoption driving higher chip production, TSMC remains well-positioned for sustained growth.

Electronics manufacturing services company Flex contributed after reporting solid quarterly earnings. Both revenues and earnings per share exceeded expectations and full-year guidance was raised across all key metrics. Flex is experiencing accelerating momentum in its power and compute segments, particularly tied to data center infrastructure and AI workloads, with management signaling further margin expansion in the coming quarters and beyond. While long-term data center growth forecasts were not formally updated, the company anticipates that its 35% growth estimate for fiscal year 2026 will likely be exceeded. With strong execution and differentiated exposure to AI infrastructure, Flex remains a strategic holding aligned with the global digitization and energy transition.

Market Outlook and Investment Strategy

The year 2025 was dominated by volatile market conditions, with a significant majority of returns driven by a narrow AI-led rally. As a result, our diversified thematic Strategy faced relative headwinds despite continued strong underlying earnings growth. While the market environment was the primary driver of

relative performance, we also identified specific areas where more decisive execution could have improved outcomes, and we have taken targeted steps to further strengthen our process without compromising the long-term discipline that defines the Strategy. Though this past year tested patience, it also reinforced the durability of secular themes such as Medical Innovation, Energy Transformation and Infrastructure Development, all of which continued to see meaningful real-world progress.

Looking ahead, we see a more constructive setup for 2026. Valuations across our Portfolio are at attractive levels, and even a partial broadening of market leadership beyond mega-cap AI hardware could materially improve relative outcomes. Importantly, the underlying themes continue to gain traction: the Food and Drug Administration approved 57 novel drugs in 2025, underscoring innovation in healthcare; global clean energy capacity additions exceeded 560 gigawatt, with battery storage deployments up 40% year over year; and over US\$190 billion in funds from the bipartisan infrastructure law were put to work in the US in 2025, further supporting the tangible tailwinds behind infrastructure development.

We believe these themes spanning digitalization, clean energy and healthcare innovation are poised to deliver sustainable growth as adoption accelerates globally. With fundamentals intact and expectations reset, we view the coming year as an opportunity for our thematic investing approach to reassert its value and reward disciplined positioning anchored in high-quality businesses tied to secular tailwinds.

Source: AllianceBernstein (Luxembourg) S.à.r.l.

HSBC Insurance India Equity Fund (SGD and USD)

Investment and Market Review

The S&P IFCI/India Gross Index lost 1.45% over the second half of 2025 (SGD term). In terms of sectors, Consumer Discretionary was the top performing one while Real Estate underperformed.

India underperformed the region during this period on the back of waning earnings momentum, absence of a US India trade deal, domestic growth concerns and a depreciating rupee.

The fund outperformed the benchmark on a 6-month basis. Positive stock selection effect in Financials and Industrials were the largest contributors to performance. On the other hand, unfavorable allocation effect in Real Estate was the largest detractor to strategy performance.

The largest stock contributor over 2H25 was Multi Commodity Exchange India while the largest stock detractor was DLF Ltd.

In terms of sector positioning, we are most overweight to real estate and most underweight to Utilities as of December 2025.

Market Outlook and Investment Strategy

India's corporate earnings have stabilized and exited the mid cycle slowdown over the last year. Fiscal and monetary policies are now supportive of earnings growth. We continue to expect earnings growth and improving ROE profile to be the primary driver to returns. Relative valuation premium against Asia have fallen to 48% (end December) from recent peak of over 90% and below 5-year average of 60%. Higher

absolute P/E is backed by strong fundamentals, strong domestic flows, and should be read in the context of a mid-high teens earnings growth in the coming 2 years.

Source: HSBC Global Asset Management

HSBC Insurance Pacific Equity Fund (SGD and USD)

Investment and Market Review

Overall, Asian equities proved resilient in 2025, delivering strong gains. The year began on an uncertain note, with persistent concerns about tariff risks, the direction of the US economy, and the US Federal Reserve's policy. The volatility was most extreme in February, when the launch of a low-cost Chinese artificial intelligence (AI) model, DeepSeek, took the world by surprise and led to market swings as investors scrambled to adjust expectations around AI, data centre capital expenditure and technology hardware demand. Thereafter, most markets recovered as the US appeared to be making progress on trade deals with several countries, including China. Support also came from robust returns in the technology sector, underpinned by the continued strength of the AI thematic. There was also growing optimism around subsiding trade tensions and ramped-up expectations of interest rate cuts.

Turning to performance, the Fund returned 17.61% in Singapore dollar terms, underperforming the benchmark index, which rose by 22.75%. Most of this underperformance occurred in the first and second quarters of 2025, when our quality bias hurt performance amid persistent style headwinds. China again proved pivotal as quality underperformed as a style in the first half, with value and state-owned enterprise (SOE) names performing better than privately owned enterprises, driven by a pronounced investor preference for yield, although we saw signs of this reversing in the latter months of 2025.

Stock selection was also a factor; specifically, the Fund's lack of exposure to Alibaba in February proved costly. In China, the DeepSeek announcement drove a sharp increase in AI-related stocks. As a result, the Fund's underweight exposure to **Alibaba** significantly detracted from performance, given that its share price spiked by more than 50% in the first quarter of 2025. To place our Alibaba positioning in context, we exited Alibaba in late 2024 despite its low valuations due to growing concerns about its struggling e-commerce business, which was losing market share to rivals such as PDD. Alibaba subsequently showed signs of turning around this e-commerce segment. As a result, we re-initiated our position in the company in March 2025. The AI theme also buoyed **Tencent**, a core fund holding, which has the second-largest cloud business in the country, behind Alibaba.

Elsewhere, the Fund's overweight exposure to India detracted from returns, as the market experienced profit-taking after buying interest returned in March. **Indian Hotels**, Info Edge India and Tata Consultancy Services (TCS) detracted from returns; we sold out of Info Edge and TCS in view of better prospects elsewhere. The Reserve Bank of India has started its rate-cutting cycle and injected liquidity into the market, and we expect India to continue generating comfortable double-digit earnings growth ahead.

Mitigating the losses was the strength in South Korea. Following the extreme market volatility caused by domestic political turmoil in December 2024, Korean stocks rebounded on optimism over growing political certainty and the new government's economic policies and market reform measures. More recently, we witnessed better-than-expected exports, particularly from the semiconductor sector, supported by strong pricing and sustained AI-driven demand. Our exposure to **SK Hynix** and **Samsung Electronics** benefited from structurally supportive supply-demand dynamics. Prices rose as supply lagged demand growth,

underpinned by rising memory needs as AI adoption accelerated. The semiconductor uptrend also spilled over to **Hyundai Electric**, which saw robust order books, extended lead times, and improved pricing in its core power equipment business amid supportive supply-demand dynamics.

The tech-heavy Taiwanese market also rallied due to growth in AI hardware demand, with **Chroma Ate** emerging as the top contributor. Chroma supplies testing equipment to the semiconductor industry, whose demand is closely tied to the rise of AI. There were also positive contributions from AI-exposed names, such as **ASE Technology** and **Accton Technology**.

Turning to portfolio activity, we maintained our discipline around earnings and cash flow visibility.

In China, we introduced a few new holdings across a range of sectors, including **Ping An Insurance**, which continues to demonstrate its ability to leverage on technology to build a robust financial supermarket; **Fuyao Glass**, the country's leading auto glass maker, with over 60% domestic market share and expanding globally; as well as **Xiaomi** on attractive valuations, given its good fundamentals and growth outlook in both the consumer electronics and electric vehicle (EV) markets. Conversely, we exited positions such as Inner Mongolia Yili, Nari Technology and Kweichow Moutai.

Elsewhere, in India, we turned more defensive and reduced our exposure to exporters, cyclicals, and IT services amid geopolitical headwinds, tariffs, slowing growth, and an earnings downgrade cycle. The divestments included Info Edge, TCS, and Power Grid Corp of India. At the same time, we added a new holding in **Mahindra & Mahindra**, which is expected to benefit from a strong SUV model cycle, a new line-up of electric vehicles, and improved capital allocation at the group level.

Turning to Taiwan, we bought **GlobalWafers**, a top-tier silicon wafer manufacturer critical to the global semiconductor supply chain, and **Nien Made**, a global leader in window coverings, given its vertically integrated model and exposure to the US housing market, making it a steady compounder with strong cash flow.

Finally, in Australia, we invested in **Medibank Private**, the best-quality player in the domestic private health insurance sector. We believe that it can maintain its market-leading profitability through the cycle, given its strong franchise and management. We also introduced Australian miner **Rio Tinto**, a proxy for China and the emerging markets' growth story. Its assets are world-class, and management has been disciplined through the cycle, focusing on bolstering the balance sheet, cutting costs and preserving cash.

Market Outlook and Investment Strategy

Looking forward, Asian corporates remain fundamentally sound, supported by low leverage, strong competitive positioning, and a broadly favourable macroeconomic environment with limited inflationary pressures. While challenges persist, the companies we hold are led by dynamic management teams, possess robust financials, and operate with high barriers to entry and globally competitive business models. These attributes have enabled them to navigate past shocks effectively, and we remain optimistic about their long-term growth prospects. We continue to believe that high-quality companies are best positioned to demonstrate resilience, particularly amid heightened volatility and macroeconomic uncertainty.

Source: abr dn Asia Limited.

HSBC Insurance Premium Balanced Fund (SGD)

Investment and Market Review

iFAST-DWS Premier Select Trust's current investment strategy is to invest into 2 ETFs i.e more than 70% of its net asset value into the Xtrackers II Singapore Government Bond UCITS ETF ("SGB-ETF") and less than 30% into the Xtrackers MSCI World UCITS ETF ("MSCI ETF").

By investing into SGB-ETF, the Trust aims track the performance (before fees and expenses) of the underlying reference index (i.e. the FTSE Singapore Government Bond Index) which represents the performance of fixed-rate, local currency sovereign debt issued by the Singapore government.

Similarly, by investing in MSCI-ETF, the Trust aims to track the performance (before fees and expenses) of the underlying reference index (i.e. the MSCI Total Return Net World Index) which was designed to reflect the performance of the shares of certain companies in various developed countries. The companies making up the MSCI Total Return Net World Index are large and medium sized companies based on the combined value of a company's readily available shares as compared to other companies.

Market Outlook and Investment Strategy

Although the intention is to maintain the above asset allocations, we intend to adopt a static allocation of the Trust's investments in each of the underlying ETFs and will re-adjust the investments at least on a semi-annual basis.

As of 31 December 2025, the Trust as is 70.55% invested into SGB-ETF and 29.31% invested into MSCI ETF.

Source: iFAST Financial Pte Ltd

HSBC Insurance Singapore Bond Fund (SGD)

Investment and Market Review

In Q3 2025, the Singapore economy experienced steady growth on a year-on-year basis, driven primarily by the manufacturing, wholesale trade, and finance & insurance sectors. Unemployment rates remained stable overall and for residents but saw a slight uptick for citizens. Total employment increased from the previous quarter, with gains seen among both residents and non-residents. Meanwhile, inflation, as measured by the Consumer Price Index-All Items, eased compared to the preceding quarter. In October, core inflation accelerated and delivered an upside surprise, with both goods and services prices posting sharp increases. Headline inflation also rose compared to the previous month's print. In November, both core inflation and headline inflation remained steady. Notably, health insurance posted another big uptick during the month. Throughout this period, the Monetary Authority of Singapore (MAS) kept all of its monetary settings unchanged. Meanwhile, the Singapore sovereign yield curve generally shifted lower during the period.

Market Outlook and Investment Strategy

Singapore's inflation held steady in November. Core inflation remains within the Monetary Authority of Singapore's (MAS) target range and is expected to moderate further in 2025 before rising slightly in 2026. MAS anticipates slower declines in imported costs as global oil prices stabilize, while domestic inflationary pressures may increase due to rising labor costs as productivity normalizes. Private consumption remains

resilient, supported by strong household finances and relatively favorable interest rate environment. With inflation under control and global recession risks easing, MAS is unlikely to change its monetary policy in the near term. However, risks like geopolitical tensions or shifts in global demand or oil prices could alter the outlook.

Singapore Government Securities (SGS) yields have underperformed US Treasury yields since September, as investors shifted into USD bonds in anticipation of expected Fed rate cuts. However, SGS yields are projected to decline as investors return to this asset class due to its more attractive yields. With a still-growing economy and stable credit fundamentals expected among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards, though a modest widening from current levels seems more probable.

The fund holds a meaningful proportion of SGD denominated investment grade bonds. At the same time, it also diversifies into the USD Asian credit market which offers a wider selection of bonds across the credit rating spectrum than the SGD bond market. As of December, the fund continued to reduce the overweight in SGD bonds by reallocating some of the SGD credit into USD credit. Meanwhile, the fund remained overweight in duration. From a sectoral standpoint, the fund prefers corporates over sovereigns and agency bonds. The fund has a meaningful allocation to Singapore REITs for their stable income. The fund also favors bank subordinated debt such as that from Europe, North America and the broader Asia Pacific region given their relatively defensive nature and attractive yields. Additionally, the fund has an overweight position in financials, with a preference for Hong Kong and Japan. Moreover, it holds a certain exposure to high quality quasi-sovereign names in Singapore for yield carry.

Source: HSBC Global Asset Management

HSBC Insurance Singapore Equity Fund (SGD)

Investment and Market Review

Singapore's stock market ended 2025 with its strongest performance in over a decade, as the Straits Times Index (STI) delivered a total return of +28.55% (SGD terms). This outpaced most Asian peers, though it trailed market leaders such as South Korea. The rally was underpinned by resilient blue-chip stocks, supportive policy measures, and Singapore's safe-haven appeal.

Within sectors, industrials led the gains, highlighted by ST Engineering, which benefited from increased defence and aerospace demand and a record order book of S\$32.6 billion. Financials followed, as banks like DBS and OCBC reached all-time highs due to robust earnings and attractive dividend yields. Property (UOL, CDL) and telecoms (Singtel) also performed well, supported by asset sales, lower interest rates, and regional recovery, while mid- and small-cap names such as First Resources added breadth to the overall market.

The revitalisation of Singapore's equity market was driven by MAS's major reforms and the staged injection of S\$5 billion through the EQDP, which boosted liquidity, IPO activity, and investor interest—leading to strong gains in both the main index and overall trading volumes

Fund Performance:

The Fund outperformed its benchmark in CY2025, primarily driven by positive sector allocations, namely, an underweight position in Consumer Discretionary, an overweight in Telecom, and strong stock selection within Consumer Staples. This outperformance was somewhat offset by an underweight allocation in Industrials.

At the stock level, several key decisions contributed positively to performance. Our underweight position in UOB benefited the portfolio, following the bank's announcement of a surprise reserve increase for stressed property exposures, which led the market to anticipate slower earnings and dividend growth. In the telecommunications sector, our overweight in Singtel was advantageous, supported by robust third-quarter results, consistent delivery on its shareholder return policy, and optimism regarding a potential data centre acquisition. Within Consumer Discretionary, the underweight in Singapore Airlines added value, as the airline underperformed due to weaker earnings, particularly from losses at its Air India associate.

Conversely, some positions detracted from returns. Our allocation within Industrials was a headwind to performance. Specifically, the underweight in Jardine Matheson weighed on returns as it executed on its restructuring plan. Additionally, the overweight in Yangzijiang Shipbuilding detracted, as concerns around Trump's tariffs and implications for cargo volumes weighed on share price. Furthermore, an overweight position in Mapletree Logistics weighed on performance, reflecting ongoing headwinds in the REIT sector—including foreign exchange depreciation and weaker contributions from China.

In terms of portfolio activity made in 2025, we initiated a position in Keppel DC REIT, recognising its strong potential for sustained rental reversions within the domestic data centre segment. We also initiated exposure in iFAST, supported by ongoing earnings recovery and positive developments across its business lines. We continued to increase our holdings in Mapletree Pan Asian Commercial Trust, driven by signs of stabilisation in the Hong Kong retail market and expectations that a lower interest rate environment would further support earnings. Similarly, we increased our allocation to City Developments, reflecting the company's improving residential sales momentum and proactive capital recycling efforts, both of which are expected to enhance dividend payouts and support a re-rating of the stock. Meanwhile, we exited our position in Genting Singapore in light of increased economic uncertainty and its impact on discretionary spending.

Market Outlook and Investment Strategy

Singapore Equities market has had a stellar run over the past two years, as the combination of economic growth post Covid, and the decision by MAS to revitalize the Singapore Equities market has brought attention back to the local bourse.

Stepping into 2026, we are now entering the main phase of deployment for the remaining c.S\$3.9bn by MAS' Equity markets Development Program (EQDP). To recap, MAS announced in Nov'25 that six fund managers will be allocated S\$2.85bn to invest in the Singapore Equities market. MAS is expected to review the remaining submissions and expect the next phase of appointments for the remaining S\$1.05bn will be announced in Q2 2026. We expect actual cash deployment for S\$2.85bn allocation will happen in 1Q 2026 at the earliest, and in 2H 2026 for the remaining S\$1.05bn.

An important feature of the EQDP is the expectation that selected fund managers will raise additional third-party capital to complement MAS's allocations. This has the potential to significantly enhance

market liquidity and drive greater interest in Singapore equities. The programme's ultimate goal is to attract high-quality, new economy companies to list locally, reversing the decline in listings seen over the past decade. If successful, this will further solidify Singapore's reputation as a preferred listing venue for regional players and reinforce its status as a financial and wealth management hub in Asia.

Despite the phased rollout of the EQDP, the market has already witnessed a notable increase in trading activity. In 2025, SGX daily traded value grew +21% YoY to S\$366bn, or an average daily trade value of S\$1.51bn. This is the highest turnover achieved in the Singapore Equities market since 2010. There has also been renewed IPO momentum, with seven new mainboard listings in 2025 and more anticipated in the years ahead.

Looking ahead, investor attention is firmly focused on the US interest rate outlook this year, particularly given the upcoming appointment of a new Federal Reserve Chair in May 2026. There is significant market speculation regarding whether the new Chair will adopt a more accommodative stance towards rate cuts than the current Chair, Jerome Powell. President Donald Trump has been vocal in advocating for lower rates to alleviate the burden of fiscal debt interest payments, and should his appointee share this perspective, there may be scope for greater policy easing than the two rate cuts currently anticipated by the market.

In Singapore, the prospect of declining interest rates has already led to a marked decrease in benchmark rates: the 3-month SORA has dropped to 1.18% (from 3.07% at end-2024), and the 10-year government bond yield stands at 2.16% (down from a high of 3.09% in January 2025). At the same time, continued inflows of deposits have reinforced the perceived stability of the Singapore dollar, increasing local liquidity and exerting further downward pressure on rates

This environment has begun to compress net interest margins (NIMs) for domestic banks, though some have proactively hedged their rate exposures. Importantly, lower interest rates and the upturn in equity market activity create a more favorable backdrop for loan growth and market-making, placing the onus on management teams to adapt strategically to these evolving conditions.

Broadening the view to the overall economy, Singapore posted stronger-than-expected GDP growth of 4.8% in 2025, driven by a rebound in industrial activity. As borrowing costs fall, previously delayed corporate investment plans are being put back on the table. Improvements in earnings and returns on equity among non-financial sectors over the past year further support optimism that a declining rate environment will sustain the current growth trajectory.

Given these developments, our portfolio remains tilted towards companies poised to benefit from lower interest rates, such as property companies and select industrials. We continue to seek out businesses demonstrating robust growth potential and strong fundamentals in this evolving landscape. With additional capital from the EQDP expected to flow into the market, we anticipate better price realisation for well-managed local companies. Our ongoing focus is to identify and add high quality stocks that offer a compelling combination of asset quality and attractive valuations as opportunities arise.

Source: Schroder Investment Management Limited

HSBC Insurance US Equity Portfolio Fund (SGD and USD)

Investment and Market Review

Global equities delivered strong performance in the second half of 2025, with consistent gains across regions. Following the post-April optimism, markets remained resilient, sustaining momentum through the final months of the year. In the US, the technology sector continued to dominate, fuelled by a surge in AI-related capital expenditure and profits. This strength reassured investors that US policy and tariffs had not significantly disrupted global growth. While technology, communication services, and consumer discretionary sectors led the charge, investors began to raise concerns about elevated valuations and the sustainability of AI-driven performance, particularly in Q4. Despite challenges such as a prolonged government shutdown and weak job data, the S&P 500 posted positive quarterly returns and maintained its multi-year streak of double-digit annual gains. Defensive sectors saw limited interest in Q3 amid widespread optimism but began to garner attention towards year-end.

Over the 6-months rolling to December 2025, the HGIF Economic Scale US Equity fund delivered positive returns. Although the fund does not have a benchmark, when comparing it to the S&P 500 Index which serves as a proxy for the US equity market, both our asset allocation and stock selection weighed on performance.

In comparison with the S&P 500 Index, our overweight allocation to Health Care coupled with our underweight exposures to Utilities and Real Estate contributed to performance. Conversely, our overweight allocations to Consumer Staples and Industrials coupled with our underweight exposure to Information Technology weighed on performance.

In terms of stock positions, our underweight exposures to Microsoft Corp (Information Technology) and Meta Platforms Inc-Class A (Communication Services) coupled with our overweight allocation to Warner Bros Discovery Inc (Communication Services) contributed to performance. Conversely, our underweight exposures to Alphabet Inc-Class A (Communication Services), Apple Inc (Information Technology) and Nvidia Corp (Information Technology) weighed on performance.

Market Outlook and Investment Strategy

HSBC Economic Scale strategy aims to outperform the market cap index over the long term by using an alternatively weighting scheme to provide investors with exposure that reflects the economic scale or 'footprint' of companies rather than their respective market capitalisation. This is calculated as the company's contribution to Gross National Product (GNP).

In 2026, we expect a "role reversal" in areas of the macro, policy, and market environment, with US leadership fading, and growth converging in the west. Global market performance will be dependent on profits growth. Market leadership and corporate profits will keep "broadening out", especially in Asia and other emerging markets. Economic derisking and improved policy have made those regions structurally safer and less volatile. We expect 2026 profits growth to be driven by the AI super-cycle – but there is a risk that expectations, and valuations, are too high. Global stocks should perform as GDP and profits growth converge – but while re-ratings drove returns last year, profit growth will be increasingly important in 2026.

The strategy yields stable weights with low linkage to share prices which smoothens the noise of stock prices. Therefore, we believe it is well positioned to weather the uncertainty (geopolitical risks and macro uncertainty) in the markets well compared to a market-cap weighted benchmark.

Source: HSBC Global Asset Management

HSBC Insurance US Opportunities Equity Fund (SGD)

Investment and Market Review

US stocks generally rose in January 2025 amidst many companies' strong earnings results and guidance, as well as investor optimism for deregulation and tax cuts under President Donald Trump. Consequently, the S&P 500 Index and the Dow Jones Industrial Average (DJIA) reached new record highs. However, concerns about a Chinese startup's new artificial intelligence (AI) model that rivals US AI models, along with President Trump's threatened tariffs on Canada, Mexico and China, triggered market volatility. Against this backdrop, the S&P 500 Index and the DJIA ended the month off their record highs but still posted solid gains, while the technology-heavy NASDAQ Composite Index posted a more modest positive return. In terms of market capitalisation, mid-cap stocks performed best, followed by large-cap and small-cap equities. By investment style, growth stocks outperformed their value counterparts in the small- and mid-cap tiers, while value outpaced growth in the large-cap space.

US equities experienced heightened volatility during the first quarter of 2025 amid concerns about President Donald Trump's tariff policies and their impact on economic growth, inflation and the US Federal Reserve's interest-rate path, with some investors fearing a potential recession or stagflation (economic stagnation and high inflation). Underwhelming earnings reports and guidance from some companies and significantly lower consumer confidence also hindered sentiment. US stocks collectively declined in the first quarter, with the S&P 500 Index, Dow Jones Industrial Average and NASDAQ Composite Index ending with losses. Small-capitalisation stocks struggled over the quarter, followed by large- and mid-cap equities. In all three market-cap tiers, value stocks outperformed growth, with large-cap value stocks ending modestly positive.

US stocks advanced during the second quarter of 2025. After rebounding from April's lows, equity markets continued to rally through June despite bouts of volatility. The S&P 500 Index and Nasdaq Composite Index closed the period with solid gains after hitting new record highs at the end of June, while the Dow Jones Industrial Average hovered near its all-time high. Temporary delays in tariff hikes, reduced fears of a recession, growing expectations of interest-rate cuts later in the year and easing geopolitical tensions helped drive US stocks higher. Large-capitalisation equities gained the most, followed by mid- and small-cap stocks, and growth stocks outperformed value by a wide margin in all three market-cap tiers.

US equities delivered strong performance over the third quarter buoyed, in part, by easing trade tensions and optimism surrounding artificial intelligence (AI). The US Federal Reserve's (Fed) interest-rate cut in September also supported market sentiment, as did robust corporate earnings. Both the S&P 500 Index and the NASDAQ Composite Index ended the quarter at new record highs, while returns for the Dow Jones Industrial Average were more muted. In this environment, growth

investing surpassed value in the large-capitalisation tier while it was the reverse in the mid- and small-capitalisation segments, with small-cap stocks performing better than their large- and mid-cap counterparts.

US equities delivered solid gains over the fourth quarter of 2025, maintaining their upward trajectory against a backdrop of generally robust corporate earnings, despite some mixed economic signals and investor concerns about stretched valuations in technology-related stocks. Continued monetary easing by the US Federal Reserve, along with a constructive shift in US–China relations, also underpinned investor sentiment. The outperformance of the Magnificent Seven mega-capitalisation technology stocks during the quarter boosted returns for the S&P 500 Index and the Nasdaq Composite Index, while the relatively strong performance of the Dow Jones Industrial Average reflected the enduring strength of blue-chip companies.

Market Outlook and Investment Strategy

As we enter 2026, our view on US equities remains positive but selective. In an environment where growth is available but not abundant, our focus is on owning high-quality franchises with durable competitive advantages, often supported by secular tailwinds.

In recent years, a small group of mega-capitalisation innovators—dominated by the “Magnificent Seven”—has driven the majority of index returns, benefitting from scale and AI leadership. The US Opportunities strategy has an active, fundamentally driven quality bias and employs a multi-cap approach to maintain a diversified portfolio. While we own many mega cap leaders, we remain underweight relative to the highly concentrated benchmarks. We view this positioning as balanced and complimentary to many of the concentrated passive indexes.

Looking towards 2026, we believe conditions should favor a broadening of equity market leadership, with opportunities emerging across sectors beyond IT and in companies below the mega-cap threshold, which can offer an advantage for small- and mid-cap companies.

In 2026, we are focused on structural themes shaped by AI and automation, which are now producing measurable productivity gains not only in the IT sector but in the health care, financials, industrials and energy sectors. We are also monitoring potential risks for the US economy, including inflation, regulatory pressures, geopolitical friction, infrastructure bottlenecks and unfavorable policy shifts.

Fiscal and economic conditions appear to be aligning to support growth. We expect continued innovation-led expansion underpinned by quality fundamentals in an environment where we think disciplined, active management has an advantage.

Source: Franklin Templeton

HSBC Insurance World Selection 1 Fund (SGD and USD)

Investment and Market Review

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements

with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the medium term we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Cautious optimism: Positive market sentiment continues on the back of rate cuts in the US and resilient corporate earnings, which should support economic activity and risky assets, while the AI theme could also continue to drive returns. Against this backdrop, we remain tilted towards equities.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit. We also prefer commodities and US quality equities.

Selective cyclical strength: Within Europe, we remain tilted towards Spain, European banks, European utilities, European travel and European small caps. In the US, we prefer US financials, US communication services, and US healthcare, while being short in the US materials and US consumer staples sectors. We are tilted towards Japan. Within emerging markets, we added a position in South African equities and hold a long China short Indian equities relative value position. We added positions in Hong Kong equities and India local bonds.

Navigating the rate cycle: We continue to prefer a diversified government bonds exposure, with tilts towards Gilts, Bunds, Japanese bonds, Canadian bonds and Treasuries. We also look for relative value opportunities in the bonds space, based on price attractiveness, economic data indicators and interest rates in different regions (e.g. long Australian bonds versus short Canadian bonds).

Source: HSBC Global Asset Management

HSBC Insurance World Selection 2 Fund (SGD and USD)

Investment and Market Review

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very

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Selective cyclical strength: Within Europe, we remain tilted towards Spain, European banks, European utilities, European travel and European small caps. In the US, we prefer US financials, US communication services, and US healthcare, while being short in the US materials and US consumer staples sectors. We are tilted towards Japan. Within emerging markets, we added a position in South African equities and hold a long China short Indian equities relative value position. We added positions in Hong Kong equities and India local bonds.

Navigating the rate cycle: We continue to prefer a diversified government bonds exposure, with tilts towards Gilts, Bunds, Japanese bonds, Canadian bonds and Treasuries. We also look for relative value opportunities in the bonds space, based on price attractiveness, economic data indicators and interest rates in different regions (e.g. long Australian bonds versus short Canadian bonds).

Source: HSBC Global Asset Management

HSBC Insurance World Selection 3 Fund (SGD and USD)

Investment and Market Review

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK. As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the medium term we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Cautious optimism: Positive market sentiment continues on the back of rate cuts in the US and resilient corporate earnings, which should support economic activity and risky assets, while the AI theme could also continue to drive returns. Against this backdrop, we remain tilted towards equities.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit. We also prefer commodities and US quality equities.

Selective cyclical strength: Within Europe, we remain tilted towards Spain, European banks, European utilities, European travel and European small caps. In the US, we prefer US financials, US communication services, and US healthcare, while being short in the US materials and US consumer staples sectors. We are tilted towards Japan. Within emerging markets, we added a position in South African equities and hold a long China short Indian equities relative value position. We added positions in Hong Kong equities and India local bonds.

Navigating the rate cycle: We continue to prefer a diversified government bonds exposure, with tilts towards Gilts, Bunds, Japanese bonds, Canadian bonds and Treasuries. We also look for relative value opportunities in the bonds space, based on price attractiveness, economic data indicators and interest rates in different regions (e.g. long Australian bonds versus short Canadian bonds).

Source: HSBC Global Asset Management

HSBC Insurance World Selection 4 Fund (SGD and USD)

Investment and Market Review

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK. As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets,

UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Source: HSBC Global Asset Management

HSBC Insurance World Selection 5 Fund (SGD and USD)

Investment and Market Review

Despite some tariff-related volatility and investor fears over an AI bubble persisting going into the second half of 2025, trade tensions eased by the end of the year, with major economies reaching agreements with the US. Additionally, further rate cuts by the Fed supported a recovery in risk assets over the period. Global equities delivered 11.4% over the period, driven by strong performance from the emerging markets, UK, Japan, and the US. The US dollar gained slightly over the second half of 2025, aided by the Fed signalling a cautious approach to further rate cuts in the last quarter of 2025. Gold returns were very strong over the period, due to being safe haven in an environment of geopolitical uncertainty. Global bonds also delivered positive returns, with price gains supported by continued rate cuts in the US and the UK, as well as fiscal policy stimulus in Europe and the UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the medium term we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

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Navigating the rate cycle: We continue to prefer a diversified government bonds exposure, with tilts towards Gilts, Bunds, Japanese bonds, Canadian bonds and Treasuries. We also look for relative value

opportunities in the bonds space, based on price attractiveness, economic data indicators and interest rates in different regions (e.g. long Australian bonds versus short Canadian bonds).

Source: HSBC Global Asset Management

HSBC Life FlexConcept Fund (USD)

Investment and Market Review

Q4 2025 offered a constructive macro backdrop for global equity markets. Broad US and Eurozone stock markets advanced based on resilient earnings and expectations of a gradual shift towards more accommodative monetary policy while Japanese stocks also posted solid gains, supported by firm earnings and fiscal stimulus expectations based on a change of government. A softer dollar generally supports equity returns in non-US regions. For global bond markets the picture was less clear. While shorter maturities, in particular in the US, profited from cuts in central bank rates, yields for longer duration bonds climbed across the US, Eurozone and Japan based on increased future government debt levels and elevated political uncertainty around the globe.

In the United States, moderating inflation late in the quarter and early signs of a cooling labour market supported a more constructive outlook, even though the extended government shutdown created gaps in the data. The Federal Reserve delivered two additional rate cuts and signalled a data dependent stance for 2026, which helped equities post modest gains on the back of resilient earnings. On the bond side, front end yields declined following the policy cuts, while long dated Treasury yields were steady to slightly higher due to firm economic momentum and fiscal concerns, creating a steeper curve and a challenging environment for longer duration exposure.

In Europe, equity markets benefited from comparatively attractive valuations, stable inflation trends and a softer US dollar, all of which supported improved investor sentiment. Expectations that the European Central Bank could begin easing policy in 2026 further underpinned returns. Bond markets were more mixed: shorter-maturity yields remained anchored by the prospect of eventual policy easing, while long term yields drifted higher as investors priced in increased sovereign issuance and fiscal pressures, weighing on long duration Eurozone government bonds.

Japan saw continued strength in its equity market, supported by robust corporate earnings and greater policy clarity following a change of government and the announcement of a sizeable fiscal package aimed at bolstering domestic demand. A softer dollar also contributed to supportive conditions for Japanese asset returns. However, the Bank of Japan's rate hike to the highest level in decades and expectations of higher government funding needs pushed long term yields sharply higher, resulting in weak performance for longer duration Japanese bonds.

In China, Hong Kong equities ended the quarter lower, marking a break from the strong recovery seen throughout most of 2025. Earlier gains driven by improved sentiment toward Chinese technology and policy support faded as investors grew more cautious about the durability of stimulus efforts and near-term growth prospects, ultimately weighing on market performance.

Market Outlook and Investment Strategy

Investment and Market Review & Market Outlook and Investment Strategy of the ILP sub-funds for HSBC Life Variable Annuity, Goal Protector and other investment-linked plans for the year ending 31 December 2025

The MEAG FlexConcept Fund (“Fund”) is tracking the performance of the Systematix BEST 10% RC USD Index (“Index”), which applies a rules-based investment strategy on global bond and equity markets, allocating at least 50% of the investments into bond markets. Given positive momentum in equity markets the Index would allocate up to 50% in equities, where the remainder is added to the bond portion. The resulting bond-equity mix is leveraged to achieve a target annualized volatility of 10%, where the Index leverage is limited to 300%.

Source: Munich Re Investment Partners GmbH