

Investment and Market Review & Market Outlook and Investment Strategy of the ILP sub-funds for HSBC Life Flexi Protector, HSBC Life Wealth Abundance, HSBC Life Wealth Accelerate, HSBC Life Wealth Harvest, HSBC Life Wealth Invest (Cash/SRS), HSBC Life Wealth Treasure, HSBC Life Wealth Voyage, Optimus, Polaris and Pulsar for the year ending 30 June 2025.

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ILP Sub-Funds available for HSBC Life Flexi Protector, HSBC Life Wealth Abundance, HSBC Life Wealth Accelerate, HSBC Life Wealth Harvest, HSBC Life Wealth Invest (Cash/SRS), HSBC Life Wealth Treasure, HSBC Life Wealth Voyage, Optimus, Polaris and Pulsar

Abrdn Pacific Equity Fund

Investment and Market Review

Asian markets posted decent gains over the review period. Initially, sentiment was guided by the US Federal Reserve's (Fed) dovish policy shift, which supported share prices but also triggered volatility as investors adjusted their expectations. Meanwhile, China's assertive stimulus package in September lifted the mainland market, which had struggled to make meaningful progress due to weak economic momentum and a lack of investor confidence.

Elsewhere, the artificial intelligence (AI)-driven strength in technology stocks boosted markets, particularly in Taiwan, and offset worries about the potential impact of US tariffs. Investors were also worried about the possibility of the Fed slowing its pace of interest rate cuts and the Middle East conflict.

As we entered 2025, such concerns persisted, with volatility peaking in February, when a new low-cost Chinese AI model, Deep Seek, took the world by surprise and led to market swings as investors scrambled to adjust expectations around AI, datacentre capex and technology hardware demand.

Towards the end of the period, stock markets fell sharply after US President Donald Trump imposed unprecedented tariffs globally. Thereafter, most markets recovered, supported by a 90-day pause on the implementation of tariffs. As the US appeared to make progress in trade deals with several countries, including China, risk appetite re-emerged in equity markets.

Turning to performance, the Fund returned 3.27% in Singapore dollar terms, underperforming the benchmark index by 561 basis points. Our exposure to China proved to be the most significant detractor from performance, along with Australia and the non-benchmark allocation to the Netherlands, albeit the losses were mitigated by positive contributions from Korea and Singapore.

In China, the DeepSeek announcement drove a spike in AI-related stocks. There were two key groups of beneficiaries, given how DeepSeek could fundamentally change the entire domestic tech landscape by boosting demand and the use of both domestic tech hardware and software through efficiency gains. The first group included companies with cloud businesses like Alibaba and Tencent, while the second group comprised domestic software firms that would most likely benefit from greater growth and usage of their apps.

The Fund's exposure to Alibaba detracted significantly from performance, given that its share price spiked by more than 50% over the first quarter of 2025. To place our Alibaba positioning in context, we had exited Alibaba in late 2024 despite its cheap valuations because of our growing concerns over its struggling e-commerce business, which was losing market share to rivals such as PDD. More

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recently, Alibaba 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 thematic also buoyed Tencent, a core Fund holding, which has the second-largest cloud business in the country behind Alibaba. Its social media business holds tremendous potential to continue benefitting from the deployment of AI models. Tencent was among the largest contributors to relative performance. We also saw solid performance from China Merchants Bank (CMB), which reported better-than-expected quarterly results. However, these gains were offset by the impact of being underweight Alibaba and not holding other stocks, such as Xiaomi, that were also seen as AI beneficiaries.

Elsewhere, our lack of exposure to National Australia Bank and the underweight to Commonwealth Bank of Australia proved costly, as the banking sector was perceived as a safe haven compared to many emerging Asian markets amid global market volatility.

Our holdings in the Netherlands, semiconductor and semiconductor equipment companies ASML and ASM International, proved unhelpful. Both companies were hurt by concerns about delays in Nvidia's new Blackwell chips, the impact of export controls and a potential peak in the semiconductor cycle. We exited these two positions over the period.

Mitigating the losses was the strength in South Korea. Following the extreme market volatility caused by domestic political turmoil in December, Korean stocks rebounded on optimism over growing political certainty, and the new government's economic policies and market reform measures. HD Korea Shipbuilding was a key contributor, as it rode on the strength of the current global shipbuilding cycle. Samsung Fire & Marine performed strongly as it announced a clear value-up programme and is therefore viewed as a key beneficiary of the country's drive to bolster valuation multiples and returns of the domestic stock market though a greater focus on initiatives like capital management. Hyundai Electric was additive, benefitting from the strong demand for high-voltage direct current (HVDC) transformers amid tight supply. Memory chip maker SK Hynix did well, too, amid the continued robust demand for its high bandwidth memory (HBM) chips used in applications such as high performance computing (HPC) and data centres, Nvidia's graphics processing units and Gen-AI large language models.

In Singapore, Singapore Technologies Engineering (STE) was among the top contributors after its fourth-quarter results met expectations, and overall sentiment was positive on the company's diversification efforts. It secured new contracts worth about S\$4.4 billion in early 2025. STE also paid a higher total dividend for 2025 and announced a pay-out of a third of its year-on-year increase in net profit as incremental dividends under a new dividend policy, effective from financial year 2026. DBS Bank was another outperformer. Its second-quarter results were the best out of the three leading local banks, with DBS's performance driven by a stable net interest margin, strong fees and resilient asset quality. The outlook was also positive, with expectations of mid-to-high single-digit full-year profit growth.

Turning to portfolio activity, we maintained our discipline around earnings and cash flow visibility in terms of key trades.

Regarding our China exposure, we derisked the export-sensitive portion heading into 2025 due to US tariff risks. Subsequently, we started adding back to our exposure, but we have been extremely

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discriminating in selecting pockets of opportunity where we are seeing a recovery and assessing our top-ups on a stock-by-stock fundamental basis. We have focused on domestically-oriented companies that are starting to stabilise after undergoing an earnings revision cycle, as well as segments of the economy, such as consumer-related ones, that stand to benefit from potential stimulus, which is likely to be consumption-focused. Here, our initiations included CMB, the highest-quality lender on the mainland, JD.com, a leading online retailer reaping the benefits of its asset investments in logistics; Meituan, which operates a super app that caters to a wide range of consumer lifestyle needs, especially in food delivery; Midea, a leading home appliance group in China; and Yili, a leading local dairy player.

Elsewhere, we retain our favourable view of India, which is a high-conviction market for us. We further increased our exposure to the country, where we have found quality companies that are well-placed to capitalise on a favourable economic and policy backdrop. Among the new holdings were Cholamandalam Investment and Finance Company (CIFIC), a high-quality lender in India's informal lending segment that is well-positioned to benefit from improved liquidity conditions and mid-sized, niche information technology services company Coforge with deep domain expertise in banking and financial services, insurance, travel, transport and hospitality, enabling it to go head-to-head with Tier-1 players. Fortis Healthcare was added given its solid core hospital business and compelling valuations relative to the rest of the sector. Info Edge (India) is one of the strongest domestic internet companies, while NTPC is a state-owned energy enterprise with a clear pipeline of both thermal and renewable energy projects. Phoenix Mills, a leading retail-led developer and operator across the country, has quality malls in top-tier and state capital cities as well as a good pipeline. Torrent Pharmaceutical focuses on branded generic drugs and generates most of its revenue in India, Brazil, Germany and the US, with India being the largest market.

In Taiwan, we invested in Chroma ATE, a strong player that excels in the core power testing industry with high entry barriers; Hon Hai Precision Industry, a key beneficiary of rising AI server demand; MediaTek, a fabless semiconductor company that is the market leader in innovative systems-on-chip products and offers an appealing dividend income story; and Taiwan Mobile, the second largest telco by size in the country, given its defensive attributes that can lend resilience in the current uncertain economic backdrop.

In South Korea, we added Hyundai Electric, a provider of power systems required within the electricity grid for power generation, transmission and transformation, and Samsung Fire and Marine Insurance, which is the highest-quality domestic insurer.

Conversely, we exited Advanced Info Service, Anta Sports, Ayala Land, Budweiser APAC, Delta Electronics, Godrej Properties, Hindustan Unilever, Infosys, Larsen & Toubro, Mahindra & Mahindra, Mirvac, Netease, OCBC, Sands China, Sungrow Power Supply, Ultratech Cement, Woodside Energy and Yageo, given better opportunities elsewhere.

Market Outlook and Investment Strategy

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Considering the ongoing uncertainty, we remain vigilant in identifying opportunities across Asian equity markets. We continue to assess the implications of evolving tariff dynamics and potential shifts in monetary policy, while carefully managing growth exposures within our regional portfolios. 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-placed to demonstrate resilience, particularly in the face of heightened volatility and macroeconomic uncertainty.

Source: abrdrn Asia Limited.

AllianceBernstein Emerging Markets Debt Portfolio Fund

Investment and Market Review

In June, the Emerging Markets Debt Portfolio (Class A) increased in absolute terms and outperformed its Benchmark, the J.P. Morgan Emerging Market Bond (EMBI) Global Diversified Index,¹ which returned 2.41%. Year to date, the Portfolio generated positive absolute returns but underperformed the Benchmark's return of 5.64% (all returns stated net of fees and in US-dollar terms). It was another strong month for emerging-market (EM) debt returns, as the asset class demonstrated remarkable resiliency in the face of heightened geopolitical risks. Local currency once again led the way. Hard currency returns were also positive, with sovereigns outperforming corporates. In the local-currency space, both local rates and EM currencies posted positive returns, although EM currencies drove the bulk of performance against a backdrop of continued US dollar weakness. Almost all EM currencies generated positive spot performance over the month. Hard-currency sovereigns posted strong performance, from both spreads and the US Treasury component, as spreads tightened while US Treasury yields fell. Almost all of the spread tightening came from the high-yield portion of the index, though investment-grade spreads were also marginally tighter. Hard-currency corporates also performed well, with the bulk of the positive performance coming from the fall in US Treasury yields, as spreads tightened to a lesser extent than sovereigns. Similar to hard-currency sovereigns, the bulk of the spread tightening came from high yield, while investment-grade spreads were close to flat during the period. The Portfolio produced positive absolute returns over the month and outperformed its Benchmark. Our relative outperformance was driven by country allocation, and was partially offset by sector and security allocation, which detracted. Our overweight to Ecuador contributed significantly as the country's agreement with the International Monetary Fund (IMF) on additional funding increased its sovereign debt prices. An overweight to and positioning within Mexico contributed, particularly an overweight to Pemex, the Mexican oil quasi-sovereign. Our underweights to investment-grade names such as Saudi Arabia and the United Arab Emirates (UAE) also contributed in a month where high yield outperformed investment grade. Conversely, our overweight to and security selection in Colombia detracted, particularly among off Benchmark Colombian corporate bonds. An overweight to Senegal also detracted as the country's sovereign debt sold

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off because of prolonged concerns around the country's fiscal position. An overweight to and security selection in Dominican Republic sovereign debt also detracted.

We increased risk somewhat over the month, while adding to our US duration² exposure. We also primarily added off Benchmark exposure to local-currency duration in Peru and South Africa. In the hard-currency investment-grade sovereign space, we continued to reduce our exposure to Qatar, since the country's weight in the EMBI Global Diversified Index is structurally declining. We also reduced our exposure to Panama, given that it has outperformed recently and in light of lingering credit rating risks. Against these reductions, we added exposure to a new sovereign issue from Hungary. In high yield, we rotated out of single B-rated names such as Angola and Bahrain—and into countries including Ghana, Senegal, Turkey and Ecuador. Among off Benchmark corporates, we added to underperforming BB- and B-rated companies such as Vedanta Resources, Braskem and Zorlu Holding. From a duration perspective, we increased our duration overweight from around 0.1 years to 0.6 years, partially by adding pure US duration. Credit quality³ remained at BB, compared to BB+ for the Benchmark. We ended the period with our largest nominal overweights in Mexico, Colombia and Turkey. Our largest underweights were in Saudi Arabia, the UAE and Indonesia.

In June, developed market (DM) government bond markets were volatile as investors reacted to tariff announcements, government budgets and deficits, central bank decisions, Fed independence, economic growth and inflation expectations, US dollar weakness, and the conflict in the Middle East. Largely, investors mostly looked through these issues in what turned out to be an optimistic environment for financial assets. Government bonds rose in aggregate by 0.79% during the month, as measured by the Bloomberg⁴ Global Treasury Index on a hedged to US-dollar basis. Corporate bond relative returns in DM, hedged to the US dollar, outperformed in June in the risk-on environment for credit risk assets. Overall, investment-grade corporate bonds increased 1.41% in aggregate. In the US, 10-year US Treasury yields fell 17 basis points⁵ (bps) to 4.23%, as two-year yields decreased by 18 bps to 3.72%. The US economy added 139,000 jobs in May, higher than expected yet in line with consensus after downward revisions. The unemployment rate stayed at 4.2%. Average hourly earnings were up 3.9%, higher than expected. US headline inflation rose less than expected in May, from 2.3% to 2.4%, while core inflation was unchanged at 2.8%. US retail sales fell 0.9% in May, the most in two years and worse than expected as consumers pulled back on spending. The savings rate fell to 4.5%. Headline PCE inflation rose to 2.3%, while core PCE inflation came in higher at 2.7%. Trading partners with the US cut back purchases of American goods by 5.2% in May compared to last month from the decline in front-running of goods imports, and as US goods exports fell by the largest amount since 2020 as Trump tariffs disrupted global trade. When the Fed announced that it was keeping interest rates unchanged in June, the dot plot showed that eight FOMC members believe that there will be two rate cuts this year, while seven indicated no rate cuts this year, up from four in March. Two members penciled in one rate cut, and two indicated three rate cuts. In the press conference, Powell said that “no one holds these rate paths with a lot of conviction” and that he expects “meaningful” inflation because of US tariff policy. The Fed expects core PCE inflation to reach 3.1% this year as prices start to increase over the summer, GDP growth to fall to 1.4% and the unemployment rate to increase to 4.5%. The US deficit is currently running at 6% of GDP, an unheard-of level in peacetime. The EMBI Global Diversified Index rose 2.41% and outperformed the 0.79% gain among DM treasuries.

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The interest-rate sensitive investment-grade portion increased by 1.99%, while the high-yield segment gained 2.82%. The sovereign portion of the index increased 2.52%, while quasi-sovereigns (which represent about 20% of the hard-currency index) posted a gain of 1.98%. Spreads overall tightened by 12 bps to 322 bps, ending the period with a yield of 7.54%. Regionally in the hard-currency sovereign index, the mostly high-yield and commodity-exporting African region led with a gain of 3.64%, while the Middle East region trailed with a return of 1.54%.

Market Outlook and Investment Strategy

Tariff policy announcements, changes and pauses by the US have caused increased economic uncertainty, leading to a drag on growth and assumptions. Business and consumer confidence have fallen materially, which can also negatively affect future economic growth. Tariffs simply raise costs, reduce trade and lower growth. The rebound in financial markets during the second quarter has created a feeling of unease among institutional investors. We believe that global economic growth will slow more than initially expected as US trade deals are struck. Our economic forecast anticipates a slowdown in growth concentrated in the second half of this year, and as growth slows, we expect that many DM central banks will continue to ease policy, with the Fed likely to join in by lowering rates later this year. Any punitive US tariffs on allies could lead to rapidly slowing growth among major export countries in Europe and Asia. In the US, economic growth will likely rebound in the second quarter from a notable decline in imports. We expect that tariffs and overall uncertainty will slow growth—and for the pace of deceleration to increase—as tariff costs begin to filter through the US economy in coming months. Fiscal policy risk has increased and is set to deteriorate even further from what was already an unsustainable trajectory, because of the passage of the budget and tax bill that would add trillions to the US debt. Foreign central banks and investors have started to be concerned about the role of US Treasuries and the US dollar as safe havens. The negative ramifications of US trade policy could result in further dilution of capital flows to Monthly Commentary 4 the US and additional repatriation of US dollar holdings by foreign central banks, companies and investors. This may result in higher longer-term US Treasury yields and put more pressure on the US dollar, which has fallen the most this year since 1973 against a basket of key currencies, in part because of increased currency hedging by non-US entities. Although the US economy is relatively more sheltered from the fallout of the trade war than other major economies, the US is more exposed to changes in global investment patterns. In China, the government has shifted its focus to expanding domestic consumption this year, making it a top priority. The People's Bank of China (PBOC) recently cut loan prime rates for the first time since October, while major banks reduced deposit rates, which could spur more domestic spending. It is likely that the PBOC will need to further reduce borrowing costs later in the year. The 90-day tariff truce announced on 14 May with the US leaves many unanswered questions, such as how quickly China will approve rare earth exports and if the US will actually ease semiconductor software and chip restrictions. The truce does not include a resolution of rare earth mineral and magnet exports to US defense contractors. In EM overall, we have revised our EM growth outlook lower in light of the potential impact from US tariffs, though the EM-DM growth differential still favors EM this year. Uncertainty remains elevated, with the balance of risks to the global growth outlook tilted to the downside given US policy shifts, particularly in trade. We are biased toward expectations of further US-dollar depreciation, giving some EM countries with sovereign debt denominated in US dollars more breathing

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room from a fiscal perspective. We expect that the US trade impact on EM will be differentiated, given the highly diverse nature of individual countries. EM currency volatility from monetary policy divergence could also be challenging. EM central banks are leading the interest-rate cutting cycle, yet EM currency weakness and inflation risks have somewhat delayed monetary easing cycles. For that reason, we are tactically managing our exposure to local-currency bonds. As mentioned, we also utilize off-Benchmark corporate exposure in the Portfolio for diversification benefits and attractive risk-adjusted returns over long periods of time, largely driven by their lower volatility. As far as technical factors are concerned, the asset class remains under-owned by global investors. When investor flows resume, this should support EM debt from a technical perspective. With overall valuations in EM corporates closer to long-term average levels, we are focused on targeting specific opportunities within the asset class. We have continued adding credits in the BBB/BB-rated credit groups as well as focusing on covering underweights in Europe, the Middle East and Africa and Asia, such as Turkey, where the stand-alone fundamentals of most corporates are stronger versus sovereigns. We remain overweight LATAM, with the region offering the most attractive relative spreads to US investment-grade and high-yield, but we remain watchful of the geopolitical noise across countries. We continue to be overweight utilities, such as Chilean generators, for their defensive position to slowing global growth. We've maintained an underweight position to the oil and gas sector given the oil price outlook.

Source: AllianceBernstein L.P.

AllianceBernstein Emerging Markets Multi-Asset Portfolio

Investment and Market Review

The MSCI Emerging Markets (EM) Index, was up 6.0% in June and 12.0% in the 2Q:25, largely in line with the developed markets (DM), as measured by the MSCI World Index, which increased 11.5% during the quarter, in US-dollar terms. EM stocks rose every month during the quarter as investors responded favorably to ongoing trade discussions between the US and its major trading partners. Year to date, EM equities have increased 15.3%, outperforming DM equities, which have returned 9.5%. Across Asia, stock markets continued to rebound in June on signs of progress in trade discussions with US officials. Tepid inflation across the region and the falling US dollar supported optimism that Asian central banks would be able to ease monetary policies to bolster their respective economies. South Korea was the standout performer for the month; equity markets rose on hopes of corporate governance reform from the new government and strong exports due to record demand for semiconductors. Mainland Chinese stock markets rose as weaker economic data fueled expectations of increased government stimulus. Manufacturing activity has suffered as exports to the US have declined, supporting the view that more incentives to boost consumption are needed to offset the impact of US tariffs. Within EM Europe, Turkey outperformed as inflation fell more than expected in May. The reading was less than half the level reached a year prior as tight monetary policy continued to slowly cool price expectations. Equity markets in Greece continued to set new highs, aided by a quarter-point interest-rate cut by the European Central Bank on 5 June, the eighth cut in a year. In Latin America, Brazil was among the outperformers as inflation in May slowed more than expected, although the 12-month gauge remained above the central bank's target.

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Peru also outperformed for the month; economic growth is expected to remain robust despite uncertainties over trade, while domestic demand and business confidence continue to show strength. During the quarter, growth stocks outperformed the overall EM Index, while value stocks underperformed (as measured by the MSCI EM Growth and Value indices). Sector performance within the MSCI EM was mostly positive, with only consumer discretionary showing negative returns. Industrials, technology and financials led outperformance, while consumer discretionary, consumer staples and materials led underperformance.

Class A shares of the AB Emerging Markets Multi-Asset Portfolio increased in absolute terms but underperformed the MSCI EM in June, during the quarter, and for the year to date, net of fees. During the quarter, security selection within equities, fixed income and currency detracted from relative performance. Overall allocation to equities and fixed income contributed. JD.com detracted during 2Q:25 as the Chinese e-commerce company's new food delivery service ramped up volume fast with intense consumer and merchant subsidies, causing investor concerns about heavy losses and downward earnings revisions by brokers. China-based local goods and services online shopping platform Meituan detracted during 2Q:25. The intensifying food delivery/quick commerce competition from JD.com and Alibaba Group with substantial consumer subsidies is forcing Meituan to respond with its own consumer offers. While domestic food delivery volume growth and margin could be under pressure, Meituan is continuing with substantial overseas expansion investment in Saudi Arabia and Brazil by the end of the year. We expect a substantial downward earnings revision going forward. Chinese technology and e-commerce company Alibaba Group detracted after reporting fiscal fourth-quarter revenue growth that missed consensus estimates. During May, US lawmakers called for the SEC to delist Alibaba and other companies, citing national security risks due to alleged military links. The world's leading chip foundry, Taiwan Semiconductor Manufacturing (TSMC), contributed in 2Q:25, benefiting from renewed AI enthusiasm. TSMC expects to continue to grow revenue and is positioned well to match the pace of the continued nuance of newer and more intricate chip technology. South Korea-based internet conglomerate NAVER contributed following snap elections in South Korea as the new government has taken a more proactive stance on stimulating domestic consumption, which could drive better advertising and ecommerce growth and directly benefit the company's core businesses. In addition, the new government has announced several plans to support the country's sovereign AI efforts, including infrastructure subsidies and the appointments of former and current NAVER employees to the president's cabinet, which further boosted sentiment in the stock. Mexican banking and financial services company Banorte contributed after reporting 1Q:25 earnings that beat on better-than expected credit and net interest income growth, while maintaining guidance for low-double-digit credit growth despite a potential slowdown in Mexico's economy. The stock got a further boost from a revival in nearshoring enthusiasm after Trump's 2 April tariffs appeared less impactful to Mexico, raising prospects of future investment in the country to support manufacturing. At the end of June, the top five equity sector weights as percentages of equity holdings were: financials (27%), technology (25%), consumer discretionary (14%), communication services (13%) and industrials (3%). The technology and industrials sector weights increased from the previous month.

Market Outlook and Investment Strategy

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Month over month our exposure to equities did not move meaningfully and we ended June with our allocation roughly in line with historical averages. From an FX perspective, we've added a basket of EMFX exposure, reducing our strategic US-dollar allocation by approximately 5%. We believe there is still room for further US dollar downside as US growth converges with global peers, as the Fed resumes its easing cycle, and as central banks continue diversifying their reserve holdings. On the equity side, our largest active overweights are to South Korea, the United Arab Emirates, China and Brazil, where we are finding attractive opportunities across a range of sectors. In aggregate, financials is our largest relative sector weight—we continue to focus on well-capitalized banks that offer attractive dividend yields, robust loan growth, and have solid local brands. Banks like Itaú Unibanco (Brazil), Banorte and the State Bank of India are good examples of this, with over 100 years of experience in serving clients and offering a broad suite of financial services. On the fixed-income side, our largest allocations are in Mexico, Turkey and Colombia in absolute terms. Turkey is an example of a country where we are finding attractive opportunities across both hard currency sovereign bonds and corporate bond space. With the current government's deep commitment to orthodox monetary policy, the country's CPI inflation continues to fall, delivering a downside surprise to analysts' forecasts in June and providing a green light for the potential resumption of rate cuts in 2H:25. In terms of underlying positioning changes, we have strategically increased our exposure to local currency duration³ by adding to Peruvian and South African sovereigns. Both countries offer attractive real yields and have inflation dynamics that should allow for central bank easing. ³ Duration is the measure of the sensitivity of an asset's or a portfolio's price to interest-rate movements. Quarterly Commentary ³ We believe that EM assets can deliver positive returns in 2025, but we recognize that there will be risks along the way, particularly as uncertainty around US policy continues. As we have seen already this year, diversification and flexibility, paired with security selection alpha⁴ can lead to attractive outcomes for EM multi-asset strategies.

Source: AllianceBernstein L.P.

AllianceBernstein Global High Yield Portfolio

Investment and Market Review

In the second quarter of 2025, the Global High Yield Portfolio (Class A) posted positive absolute returns but underperformed its Benchmark, the Bloomberg Global High Yield Index (hedged to the US dollar), which returned 3.44% (all returns stated net of fees and in US-dollar terms). Year to date, the Portfolio increased in absolute terms but underperformed the Benchmark's return of 4.65% (all returns stated net of fees and in US-dollar terms). In June, the Portfolio increased in absolute terms and outperformed its Benchmark, which returned 1.75%. Security selection within high-yield was the primary contributor to relative returns. Security selection within emerging-market (EM) sovereigns also contributed, but was offset by an underweight to EM sovereigns and quasi-sovereigns, which detracted. Within industries, selection within consumer cyclicals and banking helped performance, while selections within telecommunications and energy detracted. Over the quarter, security selection within US and euro high yield contributed to relative returns. An underweight to, and selection within EM corporates further added to returns. An underweight to EM sovereigns largely detracted from returns, as did an off-

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Benchmark allocation to US investment-grade corporates. Within industries, our selections in retailers, consumer non-cyclical and transportation services was additive, while selections in technology and airlines hurt returns.

In the second quarter, developed-market (DM) government bond markets were volatile as investors reacted to tariff announcements, government budgets and deficits, central bank decisions, economic growth and inflation expectations, US dollar weakness, concerns about Fed independence, and the conflict in the Middle East. Largely, investors mostly looked through these issues in what turned out to be an optimistic environment for financial assets. Government bonds rose in aggregate by 1.53% during the month, as measured by the Bloomberg Global Treasury Index. Government bond returns were the highest in Sweden and the eurozone and fell in Canada. As expected, the Fed held its benchmark interest rate in a target range of 4.25% to 4.50% during the quarter, and the June quarterly Summary of Economic Projections, the so-called dot plot, continued to point to two more rate cuts by the end of the year. On July 1, during a panel discussion at the ECB annual retreat in Portugal, Fed Chair Jerome Powell insinuated that the Fed would have resumed cutting interest rates by now if not for US tariff policies. The ECB and Reserve Bank of New Zealand cut rates twice, while the Bank of England, Reserve Bank of Australia, Sveriges Riksbank, Norges Bank and Swiss National Bank lowered borrowing costs once. Every rate cut was a 25-basis point (bps) move. High-yield corporate bond returns in DM rose 3.28%. In the US, high-yield corporates gained 3.53% and outperformed US Treasuries, while eurozone high-yield rose 2.63% and exceeded eurozone government bonds. Corporate investment-grade bond relative returns in DM outperformed in what was generally a risk-on environment. Investment-grade corporate bonds increased 1.99% in aggregate. In the US, investment-grade corporates advanced by 1.82% and outperformed the 0.85% gain among US Treasuries, while eurozone investment grade corporates rose 2.40%, similar to the 2.48% gain among eurozone government bonds and better than the 1.89% gain of benchmark German Bunds. In EM, hard-currency sovereign bonds increased by 3.32%, as high-yield sovereigns advanced 4.54%, while investment grade increased 2.08%. EM hard-currency corporate bonds rose 1.57%, with similar results by credit quality. EM local-currency sovereign bonds returned 7.62%, with local rates rising by 2.22%. Currency gains were 528 bps, as the US dollar fell against all DM currencies and most EM currencies during the quarter. Securitized assets had competitive results relative to other credit risk assets. Credit risk-transfer securities (CRTs) last cash flows rose 1.75%. Collateralized loan obligations (CLOs) returns varied in a range of 1.70% to 2.22%. Highly rated commercial mortgage-backed securities rose 2.11%. The US agency mortgage-backed securities sector outperformed US Treasuries with a gain of 1.41%. Asset-backed securities rose 1.38%.

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Tariff policy announcements, changes and pauses by the US have caused increased economic uncertainty, leading to a drag on growth and assumptions. Business and consumer confidence have fallen materially, which can also negatively affect future economic growth. Tariffs simply raise costs, reduce trade and lower growth. The rebound in financial markets during the second quarter has created a feeling of unease among institutional investors. We believe that global economic growth will slow more than initially

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expected as US trade deals are struck. Our economic forecast anticipates a slowdown in growth concentrated in the second half of this year, and as growth slows, we expect that many DM central banks will continue to ease policy, with the Fed likely to join in by lowering rates later this year. Any punitive US tariffs on allies could lead to rapidly slowing growth among major export countries in Europe and Asia. In the US, economic growth will likely rebound in the second quarter from a notable decline in imports. We expect that tariffs and overall uncertainty will slow growth—and for the pace of deceleration to increase—as tariff costs begin to filter through the US economy in coming months. Fiscal policy risk has increased and is set to deteriorate even further from what was already an unsustainable trajectory, because of the likely passage of the budget and tax bill that would add trillions to the US debt. Foreign central banks and investors have started to be concerned about the role of US Treasuries and the US dollar as safe havens. The negative ramifications of US trade policy could result in further dilution of capital flows to the US and additional repatriation of US dollar holdings by foreign central banks, companies and investors—which may result in higher longer-term US Treasury yields and put more pressure on the US dollar, which has fallen the most this year since 1973 against a basket of key currencies, in part because of increased currency hedging by non-US entities. Although the US economy is relatively more sheltered from the fallout of the trade war than other major economies, the US is more exposed to changes in global investment patterns. In the UK, trade deals with the US and India, along with a breakthrough reset of post-Brexit trade with the EU in combination with a defense and security pact, are welcome news for a country that has seen lackluster growth during the past five years. In the recent Spending Review, Chancellor of the Exchequer Rachel Reeves boosted spending while cutting other budget areas. There is a risk that further tax increases and/or budget cuts will be needed in the Autumn Budget because of proposed welfare cuts that may not materialize. We continue to expect quarterly rate cuts by the BoE as the labor market continues to weaken. The eurozone is more vulnerable to US tariffs than the UK, particularly for German exports to the US. Since headline inflation is currently at the medium-term objective of the ECB, the prospect of additional rate cuts has diminished. It is likely that the ECB will cut at least one more time, and more if high US tariffs lead to a rapid decline in economic growth. Trade talks with the US have moved slowly, with contrasting opinions among bloc leaders such as France and Germany. The European Commission cut its growth forecast to 0.9% for this year, assuming that the US keeps the tariff rate on the euro bloc at 10%—both of which may be too optimistic. In China, the government has shifted its focus to expanding domestic consumption this year, making it a top priority. The People's Bank of China (PBOC) recently cut loan prime rates for the first time since October, while major banks reduced deposit rates, which could spur more domestic spending. It is likely that the PBOC will need to further reduce borrowing costs later in the year. The 90-day tariff truce announced on May 14 with the US leaves many unanswered questions, such as how quickly China will approve rare earth exports and if the US will actually ease semiconductor software and chip restrictions. The truce does not include a resolution of rare earth mineral and magnet exports to US defense contractors. In EM overall, we have revised our EM growth outlook lower in light of the potential impact from US tariffs, though the EM-DM growth differential still favors EM this year. Uncertainty remains elevated, with the balance of risks to the global growth outlook tilted to the downside given US policy shifts, particularly in trade. We are biased toward expectations of further US dollar depreciation, giving some EM countries with sovereign debt denominated in US dollars more breathing room from a fiscal perspective. We expect that the US trade impact on EM will be differentiated, given the highly diverse nature of individual countries. From a current economic

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expectations perspective, global manufacturing PMIs released by S&P Global showed that global manufacturing improved to a slight expansion level of 50.3 in June. The US, Spain, Australia and Japan were the only major DM countries in a manufacturing expansion. Manufacturing PMIs remained in contraction in the UK, Canada and the eurozone overall. On the services side, PMI expansions increased in the US, Japan, UK and Australia, and improved to a neutral reading of 50.0 in the eurozone. In EM, India continued to post strong results, while manufacturing PMIs in the China Caixin survey rose to a minor expansion level of 50.4. Please note that all PMI data are in descending order. During the quarter, we reduced the Portfolio's high-yield allocation, ultimately increasing it. We added high yield early in the quarter as corporate spreads widened, and reduced some exposure towards the end of the period as it performed well. With higher refinancing rates and increased macro uncertainty, fundamentals have weakened. However, balance sheets remain supportive. Leverage and interest coverage were both at historically strong levels in recent years. A combination of slowing economic growth and a longer period of restrictive rates should continue to weigh on fundamentals. In June, more companies were downgraded (28) than upgraded (15). For the full year, the number of downgrades (128) has slightly outpaced the number of upgrades (113). We expect defaults to increase over the next 12–18 months in the US and Europe, especially if growth concerns materialize. Despite broader macro concerns, spreads have remained well supported by strong technical, as investor demand has increased when valuations have cheapened. Long-term valuations, as defined by yields, are still attractive. Yield to worst (YTW) (as measured by the Bloomberg Global High Yield Index) ended June at 7.4% and has historically been a good predictor of future returns. We have generally rotated out of more cyclical sectors into more defensive/less cyclical industries with better risk mitigation. We expect a more challenged economic backdrop to weigh on cyclical spaces. However, we are overweight some more cyclical sectors where we believe balance sheets are stronger, such as gaming, leisure and home construction. Energy has been one of the best performing sectors over the last three years due to strong demand from robust economic growth post-COVID. That environment is changing. Softening demand for energy from slowing economic growth and potentially greater supply (tied to the easing of regulatory pressures in the US) is likely to weigh on energy prices. As a result, we prefer higher-quality⁴ independent energy companies, which have stronger balance sheets, greater scale and lower break-even points. Conversely, we are cautious on lower-rated drillers, as current valuations still appear rich relative to similar commodity environments of the past. We are constructive on midstream companies that are less sensitive to commodity prices. Despite the expectation of a deteriorating macroeconomic environment, we continue to remain comfortable with an allocation to banks. This positioning is skewed to larger, national champion banks, which appear better-positioned and diversified to weather this slowdown and are still trading with a discount to similar-quality industrials. Banks, in general, have progressively strengthened core balance-sheet metrics following the global financial crisis, boosted net interest margin given the higher rates environment and are better capitalized under the industry's more stringent regulation and stress testing. Given this backdrop, we continue to look across a bank's capital structure for the best opportunities. We remain selective with our additional Tier 1 allocation and remain skewed to the larger and better quality banks. We remain underweight euro high-yield relative to the Benchmark. However, we still believe some allocation is warranted. Tariffs from the US could have an immediate downside impact to European growth, so we continue to remain underweight in sectors that are vulnerable to tariffs, such as automotive and chemical companies. On the upside, the fiscal stimulus from Germany could provide a partial counterweight,

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bolstering growth in the medium term. Additionally, US-dollar-based investors gain from an attractive hedging benefit, which boosts its YTW (the hedging benefit is 2.4% today). In the second quarter, we took advantage of post-Liberation Day dislocations and reduced our investment grade corporate allocation in favor of high-yield cash and synthetic bonds. The majority of our remaining investment grade allocation remains in BBBs, where we have found that select BBBs can offer similar yields to what is currently available in the high-yield market. Fundamentals have been strong and BBB issuers are generally better prepared to weather any unexpected economic stresses relative to high-yield rated issuers. We actively traded our EM allocation in the second quarter, ultimately ending the period modestly lower. Towards the end of the quarter, we sold some corporate debt, which performed well, and selectively added some quasi-sovereign debt. Despite recent attractive new issue premiums on quasi-sovereigns, our preference today is for corporates. Relative to some of their DM counterparts, EM corporates have attractive risk-adjusted returns as well as strong fundamentals. We favor companies with multinational exposure or those in defensive sectors with growth potential. We also see value in quasisovereigns, which may trade at levels similar to corporates but come with government support. These two sectors represent the bulk of our exposure. We caution against concentrated positions and maintain diversification across more than 30 countries. Within our limited EM local allocation, most of the currency exposure is hedged back to the US dollar. We diversify our exposure with securitized assets. Within our allocation, we are focused on CRTs, which we continue to like given their strong fundamentals. Higher home prices have significantly increased the homeowner's equity, decreasing the loan-to-value ratios, particularly on more seasoned vintages. This provides an incentive for homeowners to stay current on their mortgages (further supporting CRT holdings). We also like CLOs, which offer a spread pickup over similarly rated corporates. CLOs have credit enhancements—coverage tests that ensure sufficient funds to meet debt obligations on debt tranches—as well as several restrictions on asset holdings. Finally, we maintain a small allocation to commercial mortgages, preferring older vintages with less exposure to the office sector.

Source: AllianceBernstein L.P.

AllianceBernstein Low Volatility Equity Portfolio

Investment and Market Review

Global stocks had a bumpy ride in the first half of the year. Equities plunged 12%, as measured by the MSCI World Index, in early April after President Donald Trump escalated the trade war, muddying the earnings and growth outlooks. Following the 90-day pause on tariffs announced on 9 April, stocks rebounded sharply through the end of the quarter. Equity investors have faced a daunting combination of policy uncertainty, technological disruption and geopolitical tension. US policy changes have prompted debates over the future of US exceptionalism. Despite a chaotic environment, the MSCI World rose 11.5% during 2Q:25, taking its 1H:25 gains to 9.5% in US-dollar terms. The outperformance of non-US stocks over US stocks was driven further by a weakening US dollar, which fell by more than 9% and 13% against the yen and the euro, respectively. The S&P 500 recovered some ground in the second quarter, driven by better than-feared fundamental performance from the Magnificent Seven. Sector and style returns for the MSCI World shifted during 1H:25. Technology stocks recovered in 2Q:25. Industrials did well, while

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energy and healthcare underperformed. Growth stocks surged, outperforming value and minimum volatility stocks, in a sharp reversal of 1Q:25 patterns.

Class A shares of the Portfolio increased in absolute terms but underperformed the MSCI World during the quarter and for the year to date, net of fees. Versus the MSCI World during the quarter, security selection detracted from relative performance, while sector selection contributed. Security selection within financials and consumer discretionary detracted the most, while selection in consumer staples and an underweight to materials contributed. Leading detractors during 2Q:25 included NVIDIA, Fiserv and UnitedHealth Group. The Portfolio's underweight position to technology company NVIDIA detracted during the quarter, as shares rallied with the broader semiconductor industry on the continued AI trade and the de-escalation of trade tensions between the US and China. NVIDIA also reported a strong quarter, with revenue up 122% year over year (YoY) and headwinds from Trump's restrictions on the export of its H20 AI chips to China being not as bad as investors expected. Fiserv declined following the release of the financial technology and payments company's earnings report, which showed light revenues on slightly weaker merchant volumes. However, earnings per share (EPS) beat consensus expectations, and management reiterated its full-year outlook. The stock had been a solid outperformer in the 12 months prior, so the lackluster results drove an outsized negative reaction. Fiserv continued to underperform, as Clover is expected to post another quarter of soft volume growth. Health insurer UnitedHealth Group detracted, as the company reported an uncharacteristic results miss and lowered fiscal year 2025 guidance by 12%, implying a 5% decline YoY in growth due to Medicare Advantage performance in both UnitedHealth Group insurance and Optum practices. Medicare Advantage utilization was higher, followed by a US Department of Justice investigation over possible Medicare fraud tied to its Medicare Advantage operations and coding practices.

Top contributors for 2Q:25 included Oracle, Broadcom and Intuit. Shares of Oracle rose after the computer technology company reported strong financial results that showed impressive cloud growth and higher-than-expected revenue growth guidance on AI workloads for fiscal year 2026. Sales grew 11% YoY, with cloud growing 26% YoY and cloud infrastructure growing 50% YoY. Semiconductor manufacturer Broadcom contributed on strong financial results, driven by its semiconductor and software businesses. Growth in AI semiconductors is accelerating next quarter, 3Q:25, to 61% YoY and now represents one-third of total company revenues. Intuit contributed after the business software company reported better-than-expected results and raised its full-year outlook following its all-important tax quarter. Revenue grew 15% YoY (2% ahead of consensus), EPS grew 18% YoY (6% ahead of consensus) and fiscal year 2025 revenue growth guidance was raised to 15% from 12.5%. TurboTax grew from its higher-fee Live offerings, QuickBooks continued to deliver with 16%–17% growth and Credit Karma exceeded expectations.

Market Outlook and Investment Strategy

Uncertainty remains the dominant theme in the global economy and across financial markets. Market concentration, trade wars and volatility can make it difficult for investors to stick to a long-term investing plan. Defensive equity allocations can help investors with lower risk appetites stay the course. Investors can gain exposure to companies that are relatively immune to tariffs and technology businesses that capture AI innovation with lower risk than the expensive mega-caps. Our Global Strategic Core Equity

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Portfolio helped investors cope with the April volatility. Curbing losses on the way down helps counter the behavioral instinct to sell at the wrong time and bolsters confidence to stay invested for an eventual recovery. Tariff-driven volatility has receded recently, but the trade war is far from over. That said, as tariff headlines and geopolitical fears have moderated, earnings guidance and policy uncertainty have trended in a more favorable direction. We expect that tariffs will slow growth everywhere, including in the US. There are early signs of that in the data already. Softer measures of activity, such as consumer and business confidence surveys, have deteriorated amid tariff-related news. The harder data—actual spending and investment activity—are likely to follow suit later in the year. Within the US, tariffs will push prices higher as all taxes tend to do, which has complicated the monetary policy calculation that the Fed must make. Slower growth argues for rate cuts, but higher prices would point in the opposite direction. As it evolves, our task is to find businesses better positioned to withstand tariff pressures. Deep fundamental research must be applied to discover companies that can protect their profitability and identify those most at risk. Many companies, such as software and services businesses, face limited impact from tariffs. Domestically oriented firms such as financials or utilities have also been relatively immune. Changing tariff policies affect earnings in complex ways, and the 1Q:25 earnings season provided insight into how companies were adjusting. Some acknowledged supply chain challenges and were already accruing losses attributable to higher tariffs or lowering earnings guidance. However, many companies are actively offsetting the pressure by diversifying or regionalizing supply chains, concentrating suppliers for volume discounts, increasing domestic sourcing and raising prices. Companies with staying power can be found anywhere. While US stocks have outperformed non-US stocks in recent years, we believe their earnings advantage isn't set in stone. At the same time, the valuation of the MSCI EAFE Index trades at significantly lower multiples than the US. The extraordinary performance of US stocks since 2011 has been led by mega-caps, which has created significant concentration and imbalances in global markets that are ripe for reversal. Outside of the US, we see many opportunities to find highly profitable companies. Catalysts for a resurgence of non-US stocks could include increased fiscal spending in Europe and Japan, concern about the vulnerability of US companies to tariffs, a weakening dollar and eroding confidence in the US as a safe haven. We have seen a meaningful improvement in the quality of many companies within the MSCI EAFE. Companies have improved margins and are increasingly returning excess capital to shareholders to improve their returns. While earnings growth for the S&P 500 outpaced the MSCI EAFE's over the last decade, the gap was mostly driven by the mega-caps. We see these growth ratings converging in the coming year, which should provide a catalyst for a convergence in valuations.

In the aftermath of the April tariff announcement, many in financial markets have come to question the role of the dollar as a global reserve currency. The dollar's unquestioned reign in that role has been based in part on the idea that US policy was process-oriented, predictable and rules-based. The shock that the tariff announcements engendered called all three of those ideas into question. Further, fiscal policy in the US seems set to deteriorate even further from what was already an unsustainable trajectory. We would caution that the US is more exposed to changes in global investment patterns than other countries. US stocks still deserve a prominent place in allocations, and the US market will continue to offer exceptional opportunities. However, changing circumstances may dampen the market's historic dominance. The mega-caps include great businesses, but passively owning the entire group is risky. The Magnificent Seven companies deserve scrutiny after a complex 1H:25. Returns among the mega-caps diverged as the market

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became more discriminating about their earnings. Looking ahead, we think being selective within this cohort will be an important ingredient for generating better risk-adjusted returns. History shows that after periods of market concentration and outperformance of passive portfolios, active managers performed better when markets broadened. We continue to look for companies that offer a combination of quality and stability at attractive prices; these three core elements underpin our investment philosophy and are key to navigating the current market environment. Quality, stable companies can cushion on the downside across a broad array of sectors and industries. We believe that equity portfolios designed to smooth volatility are especially appealing in the current market environment. For long term, outcome-oriented investors, we believe that companies with these features are best positioned to deliver strong returns through changing environments

Source: AllianceBernstein L.P.

AllianceBernstein Sustainable US Thematic Portfolio

Investment and Market Review

US equities rose in May as investors responded favorably to efforts by US President Donald Trump and other administration officials to de-escalate the trade war and engage in talks with major trading partners. It was a notable shift from last month, when worries over reciprocal tariffs and slowing economic growth had put stock investors on edge. In contrast, news of trade discussions and tariff reductions sent an encouraging message to investors. US equities, as measured by the S&P 500, rose 6.3% in May; for the year to date, the index returned 0.9% (all returns in US-dollar terms). Stocks entered the month on a rebound that eventually erased the market's post Liberation Day losses by 2 May and carried the S&P 500 back into positive territory for the year to date by 13 May. The more constructive approach to trade policy from the White House helped boost US stock markets to their best monthly performance since November 2023. But it's important to note that the trade agreements announced so far are preliminary and, in the case of tariff reductions, temporary. Moreover, uncertainty over the future direction of trade policy has not been resolved; as the month ended, trade talks between the US and China appeared to have stalled, and the 29 May US federal court ruling that would effectively roll back the Liberation Day tariffs was paused upon appeal.

Amid the ongoing trade uncertainty, investors looked to economic and earnings reports to assess the early impacts from higher tariffs. So far, the data are holding up; US inflation remained subdued in April, PMI indexes for manufacturing and services in May increased over the previous month, and first-quarter earnings reports showed double-digit growth for S&P 500 firms. With investors adopting a "wait and see" approach, attention turned to the bond market. The rise in longer-term interest rates, while still below recent highs, showed investors have grown more concerned about the US government's fiscal standing, following Moody's (nonheld) downgrade of US government debt and the US House's passage of the tax and spending bill, which many analysts expect would significantly expand the federal budget deficit over the next decade. During the month, both growth and value stocks increased in absolute terms, with growth stocks outperforming on a relative basis. For the year to date, growth-oriented stocks declined in absolute terms, while value stocks rose in absolute terms and outperformed on a relative basis (as

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measured by the Russell 1000 Growth and Value indices). For the month, both large- and small-cap stocks increased in absolute terms, with large caps outperforming on a relative basis (as measured by the Russell 1000 and Russell 2000 indices). For the year to date, large-cap performance was positive, while small caps declined in absolute terms. Quarterly performance for S&P 500 sectors was primarily positive, with technology and communication services outperforming, while healthcare and energy underperformed.

Class A shares of the AB Sustainable US Thematic Portfolio increased in absolute terms but underperformed the S&P 500 during the quarter and for the year to date, net of fees. During the quarter, sector selection detracted from relative performance, while security selection contributed. Security selection within energy and technology contributed the most, while an overweight to healthcare and selection within financials detracted. Fiserv, a global fintech company that enables secure money movement and payment processing worldwide, detracted over the quarter. Clover, the firm's point-of-sale platform, posted flat volumes—falling short of market expectations after an overly optimistic recovery outlook. We anticipate Fiserv will capture US merchant share, supporting future performance. Two of our top detractors during the quarter were healthcare names, Becton Dickinson and GE HealthCare. Becton Dickinson continued to be pressured by several ongoing headwinds, including policy and funding uncertainty.

Government funding cuts and pricing challenges in China put pressure on the life sciences company during 2Q:25. Meanwhile, Becton Dickinson's planned divestiture of its life sciences division may serve as a positive catalyst for the stock. GE HealthCare develops global medical technologies and devices that offer solutions to diagnose, treat and monitor patients. The stock underperformed during the quarter as the trade war between the US and China heated up and China announced an anti-dumping probe into select forms of medical equipment from the US. Independent data later in the quarter suggested that GE continues to participate in new business tenders in China in line with peers, suggesting a muted impact on the business thus far. Our sole traditional energy holding Cameco was the top contributor to performance during 2Q:25. The Canadian uranium fuel producer benefited from positive US energy policy tailwinds and increased demand for nuclear energy, specifically. Higher demand for uranium and higher pricing also buoyed the stock. As one of the only uranium suppliers globally with spare capacity, Cameco is well positioned to address incremental nuclear fuel demand over the next decade driven by the need for more zero-carbon power to meet rising electricity demand. The firm had strong earnings results during the quarter, confirming the favorable backdrop.

Outsourced manufacturing firm Flex contributed, continuing to produce strong earnings growth. Shares rallied due to its exposure to both AI and power tailwinds, as well as the benefits of nearshoring trends. Since the Liberation Day tariff announcements, the firm has received significant inbound call volume from customers looking to make supply chain adjustments and leverage the company's significant US and Mexico manufacturing footprint. On the AI and power side, Flex produces products covering 80% of data centers' needs in these applications and its continued capacity expansion efforts enable it to capture further demand going forward. Taiwan Semiconductor Manufacturing (TSMC), the world's largest contract manufacturer of semiconductor chips used in electronics, computing and communications devices, also contributed. Shares rallied along with the broader AI space on the back of renewed positive sentiment in the theme. As the primary producer of all major AI chips, including both GPUs and custom

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ASICs, TSMC benefits regardless of which AI company wins in the market. The one offset to strong near-term demand for semiconductor wafers is FX pressures, which the company should be able to offset somewhat via its pricing power.

Market Outlook and Investment Strategy

While short-term geopolitical and macroeconomic challenges have increased near-term uncertainty, the Portfolio is anchored in themes driven by long-term secular trends rather than cyclical fluctuations. These themes continue to demonstrate fundamental resilience, delivering earnings growth that consistently outpaces the broader market. Frustratingly, so far this year, three key uncertainties—tariffs, US Federal Reserve rate cuts, and potential impacts on earnings or guidance—have weighed on relative performance. Encouragingly, these headwinds are beginning to ease, allowing company fundamentals to come back into focus. In early 2025, markets reacted broadly and indiscriminately, as investors lacked clarity on how these uncertainties would affect business performance. However, as earnings season unfolded in April and May, reports from our Portfolio holdings in aggregate reinforced the durability of key thematic tailwinds and the fundamental strength of the Portfolio's companies. This served as a tangible catalyst that started the Portfolio's reevaluation higher. We see further room to run in this regard. As the uncertainties continue to fade, there are clear catalysts for unlocking the Portfolio's relative value. In the meantime, we remain focused on our core strengths: identifying secular growth themes, investing in quality businesses and maintaining disciplined portfolio management.

Source: AllianceBernstein L.P.

Allianz Artificial Intelligence

Investment and Market Review

Global equities delivered solid gains in June, with the S&P 500 and the Nasdaq Composite hitting fresh all-time highs. US-China trade relations improved, as the two countries agreed on a framework to implement the consensus reached last month in Geneva. Trade talks with other countries remain underway and reports suggest many can be completed in July. Despite escalating tensions between Israel and Iran that ended with US air strikes on Iran nuclear facilities, the subsequent ceasefire helped investor sentiment towards the end of the month.

The US Federal Reserve (Fed) maintained its wait-and-see approach, holding benchmark lending rates steady for the fourth consecutive meeting, given the continued uncertainty surrounding the economy and inflation. US recessionary risks abated in June, with the Federal Reserve Bank of Atlanta's GDPNow running estimate indicating solid economic growth for Q2. Non-farm payrolls rose by 139,000 in May, exceeding expectations. The unemployment rate remained unchanged at 4.2%. The European Central Bank (ECB) cut its key interest rate by 25 basis points (bp) to 2.0% as inflation continues to stabilise. Meanwhile, Bank of England, Bank of Japan and People's Bank of China kept rates on hold at their respective meetings during the month.

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June was a volatile month for oil prices, with Brent crude falling back early in the month on increased Organization of the Petroleum Exporting Countries Plus (OPEC+) supply. The commodity subsequently rallied on the rapid escalation of geopolitical tensions in the Middle East. Oil prices briefly surged to a five-month high after the US launched a series of strikes on Iranian nuclear facilities amid fears that Tehran could retaliate by blocking the Strait of Hormuz, a major shipping lane for around one-fifth of global oil supplies. However, prices eased on news of Iran's restrained response

From a sector perspective for the MSCI All Country World Index, the Information Technology sector was the strongest performer amid growing optimism on the ongoing artificial intelligence (AI) data centre buildout. Communication Services sector was another outperformer. Consumer Staples and Real Estate were laggards over the month.

Market Outlook and Investment Strategy

We continue to maintain a positive long-term outlook for equities, but markets may undergo short periods of volatility. A more complicated policy backdrop can contribute to potential risks of inflation and slower economic growth. For now, equity markets have been on a recovery path since 9 April 2025, when President Trump announced a 90-day pause on higher reciprocal tariffs. We believe the recovery of AI-related stocks could continue with a more benign policy environment and re-acceleration in earnings.

The outlook across the AI ecosystem remains healthy. From Q1 earnings results, management across AI-related companies generally had constructive commentaries on business trends despite tariff uncertainties and progress with AI projects. The landscape also got a boost from additional AI data centre announcements, strong demand for AI workloads from new reasoning AI models, and more supportive advanced semiconductor export policies.

As we get more clarity on policy in the coming months, a more constructive backdrop may develop as we see some framework trade deals and look towards Trump's tax cuts and pro-business agenda. We continue to believe the Trump administration wants the US to maintain its leadership in innovation and is focused on bringing more manufacturing back onshore. Several announcements have been made to further onshore the technology supply chain to the US. More announcements should be constructive for the innovation ecosystem.

We continue to maintain a balanced portfolio of companies benefitting from AI innovation and favour companies that are better positioned to navigate through a more complicated environment. There may be opportunities to upgrade select names and add to high conviction ideas amid the market volatility to better position the portfolio for improved performance.

From an innovation perspective, progress with AI development is accelerating as more powerful capabilities becomes readily available from the robust "phase one" infrastructure buildout. We are beginning to enter "phase two" where new generative AI use cases and application adoption drive significant benefits over the coming years. Our analysis suggests that investments in AI could lower the marginal costs of operations, much like the IT revolution did. Furthermore, the advanced features of AI-

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enhanced products or services can drive new levels of productivity, cost savings and revenue opportunities across industries in “phase three”. Given the transformative potential of AI investments, we believe profit margins may not simply hold steady but could in fact grow, supporting valuations for innovative companies that are investing now to disrupt the status quo.

AI infrastructure: Spending on AI infrastructure should continue to be robust over the next several years as more powerful AI data centres are built around the globe. Nvidia’s upcoming Blackwell AI chips provide up to a 30 times performance increase compared to the previous generation and more hyperscalers are designing custom AI chips to meet their unique specific needs. This is driving demand for new data centre architectures that can handle the higher power, cooling, space and networking requirements. Overall demand for generative AI training remains durable as more companies across the ecosystem are rushing to build better foundational models or fine-tune other models. Growth in AI inference systems is also expanding to process and respond to new data in real-time and support applications that require low latency and high reliability at the edge of the network. Newer reasoning engines require more “think time” to yield better results, driving additional workload demand.

AI applications: Generative AI applications are evolving into their next phase with the emergence of AI agents. Unlike AI copilots designed to answer a single question, AI agents have decision engines that allow them to operate autonomously and complete complex tasks. AI agents can be easily customised to handle repetitive tasks and have human-like decision making capabilities to adapt to different situations. This can create a new level of automation and dramatically cut costs and improve productivity. We believe there will be an upcoming surge of new generative AI infused applications across many areas of consumer and enterprise workflows over the next several years, driving more investment opportunities.

AI-enabled industries: AI continues to open up new possibilities to drive true industry transformation across every industry. Many companies in AI-enabled industries are increasing investments in generative AI to train one’s own industry-specific model on its proprietary content or knowledge to compete better. In Health Care, the application of AI could dramatically speed up the time for drug discovery, accelerate clinical trials and dramatically improve efficacy of medical devices. Within Financial Services, there are companies with significant volumes of data related to transactions, customer interactions and research. This allows for the creation of AI solutions to enhance operational efficiency, improve fraud detection and personalise client service. There are similar opportunities within Automotive, Consumer, Industrials, Energy and even Mining. We think this is only the beginning as innovative companies embrace AI to enhance efficiency, lower costs, launch new products, take market share and drive higher levels of profitability.

We are still in the early innings of the AI era. Despite significant advancements, there is a lot more potential to be unlocked in the future. The industry is rapidly evolving, with major investments and innovations continuing to drive progress towards artificial general intelligence, possibly within the next decade. AI is becoming more integrated into various fields, from finance to health care to humanoid robotics. It is an exciting time, and we are likely to see even more transformative changes in the coming years.

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Our view remains that the compounding effect from AI disruption will create opportunities for innovative companies across every sector. We believe that stockpicking will be essential to capturing the benefits of this opportunity, as today's AI winners may change in the future in an environment characterised by rapid change and disruption. We remained focused on identifying the companies that can best leverage AI to deliver the most shareholder value creation over the long term.

Source: Allianz Global Investors and Voya Investment Management

Amundi Cash USD

Investment and Market Review

Across the Atlantic, the economic situation remains fragile, even though the de-escalation of tariffs has brought back some hope.

The consumer confidence index (Conference Board) rebounded from 85.7 to 98 month-over-month, as did the University of Michigan index, which rose from 50.8 to 52.2.

The labor market figures were reassuring: job creation (Nonfarm Payrolls) came in well above expectations at 177k (versus 138k expected), even though the ADP figure was only 62K (versus 115K expected). The unemployment rate remains stable at 4.2%; hourly wage growth is still at 3.8%, and the JOLTS surveys published at the end of April did not report an increase in layoffs.

Inflation remains above the FED's target, but has not accelerated: CPI inflation came in at 2.3% annualized (2.4% last month), Core-CPI at 2.8% (stable). Core-PCE fell quite significantly from 3% year-on-year to 2.6%. One-year inflation expectations, as measured by the University of Michigan, which had reached 7.3% in mid-May (a record since 1981), finally came out at 6.6% at the end of the month.

ISM surveys of Purchasing Managers showed mixed signals: the ISM Services rebounded to 51.6 (50.8 the previous month) but ISM Manufacturing suffered its third consecutive contraction at 48.5. Many US companies, facing rising import costs due to tariffs, appear to have reduced their production and orders. The second estimate of first-quarter growth was again negative (-0.2%) but above expectations (-0.3%).

The FED, which met on May 7, once again left its Fed rates unchanged at 4.25%-4.50%. However, during the press conference, Jerome Powell strongly emphasized the high uncertainty surrounding the economic outlook and believes that the risks of rising unemployment and inflation have increased significantly. Nevertheless, the FED considers its monetary policy to be well positioned for the moment.

After the decision (on April 9) to freeze the increase in reciprocal tariffs for 90 days, the de-escalation of trade tensions marked a new step, with agreements reached in early May between the United States and the United Kingdom, and then with China, on significant reductions in respective tariffs.

However, Moody's decision to remove the last AAA rating from the United States, due to the swelling public deficit (6.4% in 2024), triggered a new phase of tension in the markets. Concerns about US indebtedness reached a new level after the approval (on May 22) by the House of Congress of Donald

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Trump's budget bill ("the big, beautiful bill"), which is expected to result in an additional deficit increase of at least \$3.3 trillion over the next 10 years.

Bond yields therefore rose over the month: the de-escalation of trade tensions reduced the risk of recession and thus the likelihood of a short-term rate cut, while at the same time, the worsening deficit contributed to an increase in the term premium on Treasuries.

The credit market benefited from the easing of trade tensions and the reduced risk of recession. Credit spreads fell sharply, almost returning to their levels before the announcement of reciprocal tariffs ("liberation day"). The 1-3 IG US index swap spread ended the month at +82 bps (compared to a high of 118 bps in April).

In the money market, top-tier issuer rates at the end of May were 4.42%, 4.40%, and 4.28% for 3, 6, and 12-month maturities, respectively, representing increases of 1 bps, 9 bps, and 21 bps compared to last month. New issue spreads narrowed slightly, offering SOFR swap spreads of +12, 21, and 33 bps for 3, 6, and 12-month maturities, respectively.

Market Outlook and Investment Strategy

Uncertainty remains high: US debt appears increasingly unsustainable and there is barely a month left before the suspended tariffs, paused on April 9 by the Trump administration, are reinstated.

On the economic front, the FED faces sluggish growth and the risk of inflation rising again. Meanwhile, the labor market shows no signs of weakness.

Under these conditions, the US Central Bank has no choice but to maintain a wait-and-see approach, which markets have already priced in by anticipating only 50 bps of cuts by year-end (compared to 100 bps a month earlier), with a first cut expected in September or October, whereas in April, a cut as early as June was fully anticipated.

Strategy for the fund: Moderate extension of credit duration (WAL) and slight increase in interest rate duration (WAM), continuing to favor purchases of fixed-rate securities with maturities under 6 months.

Source: Amundi

Amundi Funds Pioneer US Bond

Investment and Market Review

For a second consecutive month, tariff news dominated business headlines and drove investor sentiment while economic indicators generally took a backseat. Investor risk appetite perked up early in the month after the US and China agreed to postpone existing retaliatory tariffs while negotiating a longer-term trade pact. The surprise climbdown lowered the US tariff rate on Chinese goods from 145% to 30% and the effective global tariff rate (the average across all US imports) from a historic 24% to "only" 14%. However, toward the end of May, two courts determined that the Trump Administration's fentanyl-related and Liberation Day tariffs were illegal. These rulings were swiftly appealed by the White House

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and left the impact on tariff policy uncertain. Tariff headlines were overlayed by fiscal concerns, most notably Moody's May 16th downgrade of its US credit rating from Aaa to Aa1, which ultimately had little impact on investment markets and government bond yields. On the central bank front, the Federal Reserve held its policy rate steady during the May FOMC meeting, as the Committee continues to monitor how tariff s affect US economic activity and inflation expectations. Macroeconomic data continued to paint a blurry picture. Forward-looking "soft" survey data understandably messaged better consumer and business outlooks following the China-US trade de-escalation. Meanwhile, backward-looking "hard" data remained skewed by preemptive pre-tariff goods purchases, which translated through to higher consumer spending and bulging corporate inventories. On balance, the hard data pointed to surprisingly stable economic activity.

Within fixed income markets, the ten-year Treasury yield rose 23 basis points to 4.39% and drove a -1.03% total return for the US Treasury Index, as investors rotated out of safe havens and down in quality. The Bloomberg US Aggregate Index outperformed comparable duration Treasuries by 38 basis points, with a -0.72% return. Corporate credit and securitized credit sectors posted strong relative performance, more than offsetting April's underperformance, and lower-quality fixed income segments outperformed higher-quality segments. The DXY US dollar index was little changed on the month and oil prices rose 4.4% on the prospects of moderately better global growth.

Market Outlook and Investment Strategy

Although the likelihood of significant, recession-inducing tariff s has decreased over the past month, uncertainty regarding trade policy is expected to persist for the foreseeable future. Proposed US tariff s, even after the US-China de-escalation, will have a material impact on goods prices, consumer budgets and, likely, business profits. We expect that lingering uncertainty over tariff s will also weigh on business capital spending and hiring plans. As a baseline projection, we see the potential for tariff s and tariff -related uncertainty to boost inflation and reduce real growth by 1.0-1.5% percent over the twelve months starting in July. With growth likely decelerating to below trend and ongoing uncertainty (skewed towards lower growth), the risk of recession remains above average. We do not expect the Federal Reserve to come to the rescue with preemptive policy easing if, as we expect, inflation is moving notably higher. It will likely take a significant softening in the labor market to shift the Fed back into policy accommodation mode.

With risk sentiment improving over the past few weeks, compensation for credit risk in spreads on most non-government bonds has correspondingly tightened. As a result, we continue to exercise caution and selectivity in credit risk exposure, maintain duration above the benchmark, and expect further steepening of the US yield curve. In both investment-grade and high yield, valuations are still moderately expensive against the backdrop of current macro risks as well as versus their long-term spread averages. Agency MBS spread levels are fair and the sector continues to perform with less spread volatility relative to corporate credit. High coupon MBS still provides good carry, and we continue to focus on pools with good prepayment protection. In Securitized Credit, valuations are also fair and we are being selective in the new issue market, but fundamentals continue to be strong given favorable supply/demand dynamics and the build-up of home equity. We maintain a modest exposure to Catastrophe Bonds, which have benefited

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from elevated insurance premiums and minimum event losses. We believe Catastrophe provides a good diversifier to the portfolio's credit bets given its historically uncorrelated return profile.

Source: Amundi

Amundi Funds Pioneer US Equity Fundamental Growth Investment and Market Review

The S&P 500 Index delivered a strong 10.83% return in Q2 2025 despite early volatility. After an initial sharp pullback following the Liberation Day tariff announcement, markets rallied on three key developments: a pause in full tariff implementation, favorable inflation data, and better-than-expected corporate earnings.

Factor and style were key performance drivers in the quarter. High beta stocks led the advance while lower beta shares notably underperformed. Growth significantly outpaced value, with the Russell 1000 Growth Index surging 17.78% compared to just 3.62% for the Russell 1000 Value Index—highlighting the substantial performance gap between these investment styles. The information technology sector rebounded impressively, benefiting from tariff relief and renewed AI optimism. However, market breadth remained narrow, with the cap-weighted S&P 500 Index outperforming its equal-weighted counterpart by 5.5%, indicating gains were concentrated among larger constituents rather than broadly distributed across the market.

The Portfolio underperformed the return of the Russell 1000 Growth Index (RLG) in the quarter. The Magnificent 7** (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms and Tesla) underperformed in Q1 of 2025 due to AI spending concerns and tariffs but surged in May and June on the back of better than expected earnings (MFST, NVDA, etc.) and tariff relief. Just as our underweight contributed to outperformance in the first quarter, the underweight detracted from performance in the second quarter.

Sector allocation was a detractor to benchmark relative performance for the quarter. Our overweight to the underperforming Health Care and Financials sectors detracted from performance along with our underweight to the outperforming Information Technology sector. Our underweight in the underperforming Consumer Staples sector contributed positively to benchmark relative performance.

At the security level, the largest individual detractor to benchmark relative performance was our underweight to Nvidia as the stock experienced a significant rally fuelled by several factors. Strong Q1 earnings, exceeding analysts' expectations, highlighted the company's dominant position in the AI market and strong data center business growth. Additionally, news of a US-China trade deal, particularly the temporary reduction of tariffs, provided positive sentiment, as Nvidia relies on global supply chains. We are underweight Nvidia due to AI spending concerns and slowing Free Cash Flow (FCF) generation for the hyperscalers due to massive CAPEX as well as questions on the ability to generate an attractive return potentially leading to a pause in spending growth, which would be a negative for Nvidia.

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Another detractor to benchmark relative performance was our position in out of benchmark stock Thermo Fisher. The stock has faced headwinds from macroeconomic uncertainty, including US-China trade tensions and research funding cuts, leading to a downward adjustment in full-year 2025 profit guidance. Despite these challenges, the company's planned investments in US manufacturing and R&D aim to mitigate risks and position it for future growth.

The largest individual contributor to benchmark relative performance for the quarter was our underweight in Apple as the stock underperformed for the quarter as a result of a number of factors, including concerns about tariffs, the company's AI strategy, and a saturated market. Specifically, concerns surrounding potential tariffs and the impact on Apple's supply chain, particularly regarding iPhone manufacturing in China, played a significant role. Additionally, investor disappointment with Apple's AI rollout and its perceived lagging behind competitors in the AI space also contributed to the stock decline in the month.

Another top contributor to performance for the month was our overweight position in outperforming Amphenol. The company's strong performance was driven by positive Q1 results and strong Q2 guidance, including significant growth expectations for sales and earnings, notably from AI-related products and IT datacom solutions. Strategic acquisitions, such as the Andrew and LifeSync deals, also boosted investor confidence and contributed to enhanced future growth prospects. The company's commitment to returning value through dividends and share buybacks has further supported the upward trend in the stock price.

Market Outlook and Investment Strategy

Market investors have become much more sanguine with the perceived narrowing of range of outcomes from the tariffs and trade negotiations between the U.S. and its sovereign counterparts. That said, the equity market's sharp rebound since "Liberation Day" appears to almost completely ignore the latent risks to the economy from the tariffs' impact. We believe companies are likely to pause or slow down capital expenditure decisions and hiring plans; to wit, nascent signs of an economic slowdown have begun to percolate in both the job market and overall consumer data.

Earnings estimates for the next 12 months have been reduced during the Q1 reporting season. While the expectations for the upcoming 2Q season appear relatively subdued, the negative impact on 2H's earnings seemed to be under less scrutiny.

Overall market valuations have marched back to cyclically adjusted highs. As a result, we believe there continues to be downside risk, especially if earnings revisions continue to be adjusted downwards. However, should there be any improvement in the trade situation, stocks could advance modestly through year end.

From a positioning perspective, we have retained our overall defensive orientation. At the sector level, the Portfolio is overweight non-bank financials and health care for stock-specific reasons, and underweight information technology for risk control purposes. Source: Amundi

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Architas Flexible Bond Fund

Investment and Market Review

Architas Flexible Bond Z USD delivered a return of 8.25% for the 1-year period ending 31st December 2024. This was ahead of its internal benchmark (35% ICE BofA Gbl HY TR USD Hdg + 35% JPM EMBI Global Diversified TR USD + 15% Bloomberg Global Aggregate Corporate TR Hedged USD + 15% JP Morgan JACI TR.)

Manager selection was the key driver to outperformance with the emerging market debt sleeve being the largest contributor. Neuberger Berman EM Debt Hard Currency was the top contributor as it outperformed Emerging market debt indices due to its strong credit selection and country allocations, notably exposure to Argentinian bonds. High yield was also a modest detractor with mixed performance across strategies. The largest detractor was the BlackRock Glb HY Sust CrdtScrn fund.

Asset allocation was a detractor to performance in 2024. An underweight to Asian HY detracted in the Asian Bonds sleeve.

The portfolio remains balanced across the fixed income spectrum with allocations to high yield, emerging market debt and investment grade bonds.

Source: Architas

Architas Flexible Equity Fund

Investment and Market Review

In H1 2025 the fund returned 9.99% (Gross), underperformed its benchmark (10.75%). Despite a positive start to the year, market volatility in March and April driven by firstly market uncertainty around tariffs and finally the actual announcement of tariffs, drove a sharp rotation in equity markets. This was most evident in investment style with global Value outperforming Growth by 12.7% in Q1 with this reversing sharply in Q2 with Growth outperforming Value by 12.1%. Other noticeable market moves were European equities outperforming in Q1 with this also reversing in Q2. However, the Euro appreciated by 13.8% which meant from a USD perspective this regional outperformance was mitigated. Q1 also offered a better environment for active managers, with the equal weighted index outperforming the market cap by 4.3%, however, this also reversed in Q2 resulting in a more challenging backdrop for active managers.

In that backdrop, manager selection was negative primarily in the US. Some of this was driven by challenging market rotations and narrow equity market drivers which effected active managers but also and more frustratingly by the passive ETFs. This was due to the ESG screens they apply to qualify as article 8 with Energy and Weapons companies outperforming due to geopolitical tensions in the middle east.

Elsewhere, asset allocation detracted as the brief UW to US equities in April in the mist of the market volatility hurt as the US market bounced back sharply from its drawdown.

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Source: Architas

Architas Multi-Asset Balanced Fund

Investment and Market Review

In H1 2025 the fund returned 6.7% (Gross), underperformed its benchmark (7.34%). Despite a positive Q1, finishing flat against the benchmark, market volatility in Q2 driven by uncertainty around tariffs drove a sharp rotation in equity and fixed income markets. This was most evident in investment style with global Value outperforming Growth by 12.7% in Q1 with this reversing sharply in Q2 with Growth outperforming Value by 12.1%. Other noticeable market moves were European equities outperforming in Q1 with this also reversing in Q2. However, the Euro appreciated by 13.8% in H1 which meant from a USD perspective this regional outperformance was mitigated. Q1 also offered a better environment for active managers, with the equal weighted index outperforming the market cap by 4.3%, however, this also reversed in Q2 resulting in a more challenging backdrop for active managers. Within fixed income, rates were volatile, particularly in the US. The US 10 year declined 57bps over Q1 in the mist of market uncertainty caused by the tariff announcements. This subsequently reversed, with the 10 year rising 60bps on inflation concerns and the flight on international investors. Volatility did eventually settle with the 10 year finishing 34bps down on the year.

In that backdrop, asset allocation was the main detractor. As equity market volatility spiked in April the portfolio reduced its exposure to risk via a reduction in Equity exposure. This initially worked in our favour, however the sharp bounce back in equities in mid-April materially detracted. The underweight to equities was subsequently reduced to neutral as the initial fears became contained.

Manager selection was negative primarily in the US. Some of this was driven by challenging market rotations and narrow equity market drivers which effected active managers but also and more frustratingly by the passive ETFs. This was due to the ESG screens they apply to qualify as article 8 with Energy and Weapons companies outperforming due to geopolitical tensions in the middle east.

On a positive note, manager selection in Europe and Asia was positive, with more recently added holdings of JPM Asia Pacific Equity and JPM Europe Equity Plus outperforming their benchmarks.

Source: Architas

AXA World Funds Europe Real Estate

Investment and Market Review/ Outlook

Risk assets were mixed with US equities ending on a strong note on the back of Trump's Big Beautiful Bill as well as announcing a trade deal with China. European markets declined due to escalating tensions in

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the Middle East. However, the announcement of a ceasefire between Iran and Israel helped restore a degree of calm.

Within the European property sector performance was largely positive in June. Residential and hotels outperformed, returning 1.9% and 1.6%, respectively. Meanwhile, logistics and retail underperformed, returning -2.2% and -1.6%, respectively. In terms of regions, Asia-Pacific (0.5%) was the strongest, outperforming Europe (0.4%), Australia (0.2%), and the US (-4.1%) in euro terms. The European real estate index outperformed the broader European equity index with the FTSE EPRA NAREIT Developed Europe Capped 10% returning 0.4% versus -1.2% for the STOXX Europe 600.

Our fund (A EUR share class, net of fees) underperformed its benchmark by 19bps over the month of June (0.25% vs. 0.44%) due to allocation effect. Our overweight exposures to CTP, Safestore, and Deutsche Wohnen positively contributed. Meanwhile, our overweight exposures to Mercialis, British Land, and Unibail-Rodamco-Westfield negatively contributed. Safestore reported like-for-like revenue growth of 2.8% while EPRA EPS declined 11% year-over-year in the first half of 2025. Despite the drop in EPS, Safestore's results showed improvement in operations. CEO Frederic Vecchioli stated, "Safestore in the UK is facing well documented inflationary cost headwinds, but we have identified cost savings which will help mitigate some of the impact of these in the full year and into next year." Adler is contemplating selling its Euro3.5 billion Berlin residential portfolio to pay down its remaining Euro3.8 billion debt load.

It was an active month on the M&A front in June. Primary Health Properties increased its bid for Assura to £1.79 billion, which was accepted by Assura's board. Primary Health Properties won after a fierce bidding war against private equity giant KKR in partnership with Stonepeak Partners. Aedifica came to terms with Cofinimmo on the exchange ratio for its merger at 1.185 new Aedifica shares for each Cofinimmo share. The merger will create Europe's largest REIT with gross asset value of Euro12.1 billion and will offer cost synergies of Euro16 million with an accretive EPRA EPS for all shareholders. Unite proposed a non-binding £719 million offer for Empiric Student Property, valuing Empiric shares at 107 pence per share.

Source: AXA Investment Manager

AXA World Funds – Global Inflation Bonds

Investment and Market Review

The conflict in the Middle East, concerns about the sustainability of the U.S. public debt linked to the "One Big Beautiful Bill" legislation, and the impact of increased tariffs dominated the headlines in June. Inflation linked bond performance was positive in both absolute and outright terms.

In the US, headline inflation fell to 1.0% in May, on a 3m-annualised basis while core CPI fell below 2.0% for the first time since last summer. Excluding shelter, which is the Federal Reserve's favourite gauge of price pressure now, core was particularly weak, at 0.5%. The labor market continues to be somehow resilient as shown by the June labor report with a 147K gain, marginally above the May print (144K) and

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well above consensus (100K). True, the data is distorted by strong hiring in the public sector, but even for private payroll it is difficult to identify any downward trend.

Fed Chair Jerome Powell struck a hawkish tone at the June FOMC, reaffirming the Committee's focus on persistent inflation risks and signaling no urgency to ease policy in a still-resilient economy. While Powell acknowledged reduced uncertainty around tariffs - suggesting tail risks have receded - this did little to shift the Fed's stance. On the contrary, the updated dot plot showed more participants now favor no cuts in 2025, and the median policy rate was revised higher for both 2026 and 2027.

In Europe, the economic situation continues to evolve amid extremely high uncertainty, with persistent signs of weakness. Inflation has slightly rebounded to 2% year-on-year, while core inflation stabilizes at 2.3% annually. Unsurprisingly, the European Central Bank (ECB) decided to cut its three interest rates by 25 basis points, bringing the deposit rate to 2%. Christine Lagarde adopted a slightly firmer tone, suggesting that, with stable U.S. tariffs or a better agreement, the ECB could end its easing cycle with a deposit rate at 2%, while maintaining a growth forecast of 0.9% for 2025.

In the United Kingdom, inflation slightly increased to 3.4% in May (down 0.1 point), while core inflation fell to 3.5% (down 0.3 points). The Bank of England kept its key interest rate at 4.25%, but three members voted for a 25-basis point cut, indicating a more accommodative stance. The labor market shows signs of slowing, with unemployment rising to 4.6% (up 0.1 point).

Inflation linked bonds posted positive returns across maturities in June, with longer-term securities outperforming. Meanwhile, breakeven performance was mixed (lower in the US and Canada, higher elsewhere) despite higher energy prices post "12-day war". Absolute performance was positive and in line with the index. We remain positive on both real yields and breakeven positions. However, during the month, we reduced the long duration position and took profits from our cross-market position. We are monitoring and look for more sell off in rates to scale up our duration exposure in the portfolio: our long-term view of lower rates remains unchanged as we believe we are at the late stage of the economic cycle.

Source: AXA Investment Manager

AXA World Funds Europe Small Cap

Investment and Market Review

The blitzkrieg between Iran and Israel enabled the United States to act as a global referee, ensuring no escalation of the conflict in the Middle East. The closure of the Strait of Hormuz would have driven oil prices sky high, which would not have been in the best interests of China, the region's largest oil buyer. At the same time, a number of factors enabled US stock market indices to end the month at record highs, including the bilateral trade agreements signed with many countries, the alignment of the majority of EU countries with the 5% threshold of GDP for defence budgets, macroeconomic indicators that now seem to rule out any risk of recession and expectations of a more aggressive cut in key rates. Those who thought they were witnessing the end of American exceptionalism were misguided.

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In Europe, the ECB continued its monetary easing cycle by cutting its rates 25 basis points, bringing cuts to 100 basis points year-to-date. The German fiscal expansion plan should help drive growth in the area, prompting a holding pattern for the ECB, which is waiting to be able to measure the extent of the combined impact on growth and inflation of additional tariffs, imported Chinese deflation, the rise of the euro against the dollar and the German fiscal package. Against this backdrop, the yield curve rose and equity indices tended to consolidate.

Over the month the price of crude rose, exceeding \$70/barrel at the height of the Israeli-Iranian crisis to end the month at around \$65/barrel. The greenback continued to depreciate against the euro, as did the pound sterling. Volatility indices fell. From a sectoral standpoint, there was no clear trend. The exception was the oil sector, which benefited from the rise in oil prices, whereas other sectors posted mixed performances. Sectors that outperformed included utilities, IT, construction, industrials and, to a lesser extent, banking. Conversely, consumer staples underperformed. Lastly, small caps outperformed large caps.

Over the month of June, the fund significantly underperformed its index, the STOXX Small 200. The allocation effect was slightly positive, notably due to the underweight in consumer non-cyclicals, while stock-picking weighed on performance mainly in consumer discretionary, materials, industrials and financials

Source: AXA Investment Manager

AXA World Funds - Global High Yield Bonds

Investment and Market Review

The fund performed broadly in-line (USD, net and gross) with its benchmark, the ICE BofA Developed Markets High Yield Constrained Index (USD hedged), during the month of June. Security selection had a modest positive impact on performance. This was offset by the fund's geographic positioning as the fund was overweight the European portion of the market, which underperformed. Cash holdings were a small drag on relative performance as the market produced a strong positive total return.

From a sector perspective, performance benefitted from security selection in the Services, Media and Financial Services sectors. The fund's underweight to the Telecommunications sector also had a positive impact on relative performance. Performance was negatively impacted by security selection in the Real Estate and Basic Industry sectors.

Market Outlook and Investment Strategy

The global developed high yield bond market posted another strong return in June, led by the US portion of the market, which rallied on a continued de-escalation of global trade tensions. Despite the macroeconomic uncertainty created by President Trump's trade policies and heightened geopolitical concerns, we continue to believe that the default rate of the global developed high yield bond market is

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unlikely to increase to a level significantly higher than its long-term average. Based on our view of the current environment, we maintain that the global developed high yield market can deliver an attractive total return over the next 12 months.

Source: AXA Investment Manager

BlackRock China Fund

Investment and Market Review

- The fund outperformed its benchmark this month.
- Chinese equity extended gains in June, driven by continuing US-China trade talks, Israel-Iran de-escalation and southbound inflows. Equity performance peaked in mid-June, as the US-China 2-day trade talks in London agreed to implement the truce reached in Geneva. Market volatility kicked in after the outbreak of Israel-Iran military actions, which was followed by a fast de-escalation.
- Sector attribution:
 - IT was this month's biggest contributor over the month thanks to our overweight to the sector particularly positioning in Taiwanese tech companies.
 - Consumer Discretionary also contributed to relative performance, helped by both our underweight allocation and stock selection.
 - On the other hand, stock selection in Health Care sector was the worst performing sector for the month.
 - Stock picking in Materials also weighed on our relative performance.
- Stock attribution:
 - Our off-benchmark holdings in Taiwanese semiconductor company TSMC were the top contributors to performance this month. Taiwanese equities continued to rebound alongside renewed AI optimism, driven by easing tariff risks and upbeat capex outlooks by US tech majors.
 - Our overweight in China International Capital Corp was another significant contributor as the stock rallied on strong IPO pipeline and increasing trading velocity this year.
 - Software and cloud company Kingdee also helped performance after the company announced a raise in price for their services.
 - On the other hand, online travel agent Trip.com was the worst performing stock for the month, as the stock price slid on the news that JD.com is tapping into online travel booking business.

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- Jiangsu Hengrui Pharmaceuticals also detracted, as the stock fell on profit-taking.
- In June, we initiated new positions in China International Capital Corp on strong IPO pipeline and increasing trading velocity this year.
- We also bought Pop Mart as the company shows continued growth in China as well as overseas.
- We continued to top up Xiaomi after the stock had priced in the negative sentiment on social media. Xiaomi's IoT and headset business remains strong with auto also attracting young generation.
- We trimmed Trip.com given more competition in online travel booking business after JD.com announced to tap into the space.
- We sold out of Mengniu Dairy as we saw raw price hikes which will squeeze Mengniu's margin.
- We also sold out Far Eastone Telecom which we bought for defensiveness before.

Market Outlook and Investment Strategy

- We are most overweight Information Technology sector via Taiwan and selective Chinese tech companies.
- We are also overweight Financials via high yielding banks, brokers and stock exchange.
- On the other hand, we are most underweight Consumer Discretionary sector due to intensifying competition among consumer Internet companies.
- We are also underweight Energy due to worries around sanction risks and energy prices.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global Allocation Fund

Investment and Market Review

• Global stocks, as measured by the MSCI World Index, advanced +4.3% in June, closing at all-time highs. In the U.S., the S&P 500 Index and the NASDAQ Composite Index also closed out June at their highest levels on record, less than two months after the U.S.'s "Liberation Day" announcement of significant tariff increases. Leading the charge for equities were Emerging Market stocks, which benefitted from a bullish cocktail of ebbing trade tensions, falling U.S. long-term Treasury yields, and a weaker U.S. dollar. Similarly, U.S. small-cap stocks also benefitted from trade agreement optimism and lower U.S. yields. From a style perspective, growth materially outperformed value, as the U.S. Technology and Communication Services sectors posted their second consecutive monthly advances of more than +9% each, largely centred on

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A.I.-driven growth expectations. Energy stocks also were another outperformer in June, despite the fact that global crude prices ended the month largely where they started. A seemingly less aggressive U.S. tariff posture aided this, and other cyclical sectors, including Industrials and Materials.

- Within fixed income, most bond sectors advanced in June, as U.S. inflation data for May (released in June) continued to show signs of moderation, coming in lower than analysts' consensus estimates for the second consecutive month, according to Bloomberg. The more benign inflation backdrop helped lower yields across the entirety of the U.S. Treasury curve, with long-duration bonds enjoying the largest gains. U.S. investment grade and high yield bonds also outperformed in June, both benefitting from lower rates and solid U.S. corporate fundamentals. However, the market's best performing bond sectors in June were International Sovereigns and Emerging Market bonds, whose returns were primarily driven by continued weakness in the U.S. dollar, which declined more than -2.1% in June and has suffered its worst H1 performance since 1973.

- The fund's equity weighting increased to 61% in June, primarily due to market appreciation. Our equity allocation remains modestly overweight relative to the benchmark. While the resilience of the U.S. economy—supported by prospects for additional bilateral trade agreements, targeted tax incentives, and continued deregulation across key sectors—helps mitigate near-term recession risks, persistent uncertainties remain. Concerns around tariffs, elevated valuations, and the potential for volatility from intermittent spikes in long-term interest rates have limited our willingness to increase equity exposure much further at this time.

- The bulk of the overweight exposure remains oriented toward high-quality, secular growth companies that are cash-flow generative, with consistent profitability. This positioning is balanced with exposure in Healthcare, Energy and Financials, with the latter potentially poised to benefit from de-regulation.

- Despite being net sellers within the information technology, the sector experienced the largest increase in June primarily due to market-driven gains. Within the sector, the team reduced exposure to software names and, to a lesser extent, semiconductors, taking the opportunity to realize gains in areas where valuations had appreciated. At the same time, we selectively added to technology hardware companies that are well-positioned to benefit from robust product refresh cycles. While our overall technology exposure remains neutral relative to the benchmark, we maintain an overweight position in software—an area we believe is well-positioned to capitalize on the evolving A.I. landscape.

- Energy was another area of increased exposure over the month, making it one of the fund's top overweight sectors. Our allocation reflects a strategic expression of the A.I. infrastructure theme, aimed at capturing upside from companies supporting data-centre expansion. In line with this view, we added to select names with strong growth potential—driven by rising demand for natural gas and their ability to meet the electricity needs of A.I. driven demand.
- Communication Services remains the fund's largest overweight, as the sector stands to benefit from widescale A.I. adoption. We continue to be encouraged by the resilience of capital expenditures across the A.I. space and believe that several companies within the Communication Services sector may be among the biggest beneficiaries of accelerating A.I. usage, likely continuing to experience strong earnings growth as a result. Positioning is diversified across live events, gaming, mass media, and streaming services.
- Regionally, our equity overweight remains

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concentrated in the U.S., reflecting stronger growth prospects compared to other developed economies and the prominence of high-quality growth companies. Our European exposure stayed largely unchanged over the month and continues to be modestly below the benchmark weight. In recent months, we have trimmed this underweight, as valuation differentials between European and U.S. equities have approached historically wide levels. Given this, we are mindful of avoiding a structural underweight to the region. We remain underweight in Japan, as its economy is particularly vulnerable to a global slowdown due to its heavy reliance on exports.

- Within derivatives, the team continues to rely on option strategies to manage the overall risk of the fund at both the index and single name level. In today's range-bound market environment, we're finding compelling opportunities by selling volatility and capturing attractive premiums. As the market approaches all-time highs, we continue to overwrite in names we would be natural sellers at higher levels, while maintaining long volatility in index positions and short volatility in single stocks, using the vol differential to fund optionality and carry.
- The portfolio duration increased to 2.1 years in June, maintaining its modest underweight position vs. the benchmark duration of 2.3 years. Our position remains tactically managed through the use of fixed income derivatives, particularly bond futures.
- With duration no longer serving as a reliable hedge and debt markets offering historically elevated income opportunities, we continue to emphasize income over duration.
- The Fund's largest regional underweights to duration are in Japan and the United States, while maintaining an overweight duration position in Europe.
- Within rates, U.S. exposure remains concentrated at the front to the belly of the yield curve (0-7 years) given attractive absolute yields. The front-end, in particular, provides a short-term hedge against economic volatility, offering investors attractive coupon with little duration risk. Given persistent concerns over U.S. debt levels and the risk of rising rates due to elevated Treasury issuance needed to fund structural deficits, the Fund maintains negligible exposure to long-dated Treasuries—and absent a significant move higher in yields, there remains little justification to increase exposure at current levels. • We continue to find value in spread assets with exposure in a diversified basket of credit, securitized debt, and various duration hedges. The aggregate exposure of the portfolio's off-benchmark fixed income asset classes represented ~15% of AUM and is a key differentiator vs. traditional "60/40" portfolios. We believe the high nominal yields that these bonds offer more than offset the narrow credit spreads that currently accompany them and serve as a complement to risk assets.
- Most of the fund's credit exposure remains in high yield, given the overall health of issuers from a credit perspective as they have termed out their debt and find the absolute level of yields compelling (vs. a view on spreads). Exposure is diversified across the U.S., Europe and Asia. For the non-U.S. securities, in addition to the absolute yield, there is potential for incremental income via the currency translation (swapping underlying euro exposure back to dollar).

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- The fund's positioning in gold-related securities fell from 3.4% to 2.8%, primarily through options and modest selling. We continue to maintain a positive outlook on the asset, recognizing its value as a store of wealth amid rising deficits and as a safe haven during recent market volatility.
- The fund maintains its largest currency underweight in the U.S. Dollar, with exposure reduced to 57.6% in June versus a 60% benchmark weight. This positioning reflects our continued caution amid U.S. fiscal concerns, elevated policy uncertainty under the current administration, and the waning efficacy of the dollar as a hedge.
- The Japanese Yen is the fund's largest currency overweight. It has served as a safe haven currency, consistently strengthening amid market volatility. While the yen could appreciate further given the possibility of future rate hikes by the Bank of Japan, near-term volatility remains elevated due to external shocks.
- The fund's Euro exposure edged up slightly this month and is modestly above the benchmark. However, given our limited conviction in the currency and muted expectations for further appreciation, the current positioning primarily reflects a shift toward closer alignment with the benchmark.
- Finally, the fund remains underweight the Chinese Yuan and Hong Kong Dollar due to ongoing weakness in mainland China's economy and as potential tariffs could further exert pressure on the currency.

Market Outlook and Investment Strategy

- Asset allocation (as % of net assets*): Equity: 61%, Fixed Income: 29% Precious Metals: 3%, Cash Equivalents: 7%.
- Equity markets have continued their upward momentum, recently surpassing the year-to-date highs first set in mid-February. U.S. stocks—especially in the Technology sector, driven by AI-focused companies—have led the rally, supported by a strong Q1'25 earnings season and optimism around new bilateral trade frameworks. While elevated valuations, tariff uncertainty, and potential rate-driven volatility have limited our willingness to significantly increase our equity exposure, we remain constructive given the resilience of the U.S. economy, prospects for further trade agreements, potential tax incentives, and ongoing deregulation across key sectors. Across equities, we remain focused on companies with strong long-term potential, those demonstrating robust revenue growth, healthy free cash flow generation, and ones positioned to benefit from the evolving AI landscape. In fixed income, we continue to prioritize income over duration, concentrating our U.S. rates exposure in the front to belly of the yield curve. We maintain a constructive view on spread assets, which offer compelling nominal yields and serve as a ballast to the broader portfolio. Finally, one of the most compelling return opportunities across both equity and fixed income markets has been volatility selling, a strategy that has thrived in a range bound environment with elevated volatility levels driving attractive option premiums.

* All exposures are based on the economic value of securities and is adjusted for futures, options, and swaps (except with respect to fixed income securities) and convertible bonds. Numbers may not sum to 100% due to rounding.

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Source: BlackRock (Luxembourg) S.A.

BlackRock Global Equity Income Fund

Investment and Market Review

A strong month for global equity markets which saw MSCI ACWI hit an all-time-high at both the start and end of the month. The damage from Q1 and in the aftermath of Liberation Day continued to be eroded for US equity markets with both the Nasdaq and broader index S&P also trading back to all-time highs. However as has been the case for much of 2025, headline moves do not necessarily tell the story of what is going on underneath the hood. To that point, Europe continues to stall with Euro Stoxx 600 down -1.3% and Asia mixed but with some notable outperformance in countries such as Taiwan, which was boosted by strong performance of Technology stocks, and South Korea which hit its highest level since September 2021 towards the end of June, buoyed by stabilising political backdrop and potential corporate reforms. Gold ended marginally higher in June but closing the strongest 1H performance since 1980. Conversely, Oil had a very volatile month; prices initially spiked on the onset of attacks from Israel on Iran, which led Brent to see the largest 3 day move in over 30 years. However, this spike was short lived, on an announcement of a ceasefire, and Brent ultimately closed up 5.8% on the month. Meanwhile the US Dollar continued to fall, by the end of June suffering its worst half year performance since 1973. Several drivers behind the ongoing weak price action in US Dollar, but more recently this included shifting dovish expectations. Despite the Fed opting to keep rates on hold, several members of the committee subsequently gave dovish commentary. Additionally, US President Trump made multiple remarks throughout the period about Fed Chairman Powell's successor, with the President having been previously very vocal about his desire for the Central Bank to cut rates. It is worth highlighting that a more dovish pivot was not just a US phenomenon. Over in Europe Swiss National Bank cut rates to 0%, Norges Bank surprised with a 25bps rate cut whilst the Bank of England's left rates unchanged, but the split of the vote paved the way for a rate cut in August. Across the board, not only rates but the fiscal backdrop remains topical as Republicans narrowly pushed through their 'Big Beautiful Bill' on the first day of July, but other regions faced greater political challenges including France where attempts to make savings through the pension reforms halted. Whilst fiscal dilemmas have created volatility in bond markets, for equities an environment where rates look set to come lower is positive. The equity market also took reassurance on the swift de-escalation of tensions in the Middle East. As for tariffs, despite the deadline for the 90-day extension looming, commentary from the White House was reassuring with President Trump saying deals would come 'very soon.' Although there is still an overhang of uncertainty, there was progress in key inflation drivers with little evidence of companies passing tariff-related costs onto consumers. Outside of inflation however, data in June was somewhat mixed with confidence and survey data rebounding but housing and retail activity softer. Q2 earnings season is on the horizon but corporate commentary and micro data from June varied; from US logistics bellwether FedEx withdrawing guidance, to semiconductor Micron fueling AI optimism delivering a revenue beat and strong forward forecast. Owing partly to helpful corporate commentary from the likes of Micron and the ongoing positive sentiment from strong Q1 numbers, semiconductors were the strongest contributor to MSCI ACWI performance across the month. However, whilst the structural tailwinds of AI contributed to strong performance of Technology, performance across other structural trends and namely Aerospace & Defence halted, with some of the

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strong European performers closing lower in June despite NATO leaders summit concluding with a new 5% of GDP spending target. Consumer Staples suffered weaker performance, which in part evidence the broader market rotation into more growth areas but certainly out of defensives.

Performance Overview:

- The A2 shareclass returned 3.78% over the course of the month (net of fees) underperforming the benchmark by -71bps.
- Stock selection and overweight positions in industrials and healthcare, along with sector allocations to consumer staples and healthcare, detracted from relative returns.
- Our underweight in consumer discretionary and a lack of exposure to real estate contributed to relative returns.

Stocks

Detractors:

Whilst Broadcom and other AI exposure within the fund contributed, unfortunately this exposure did not offset the deduction from not owning Nvidia, the U.S. semiconductor company. Nvidia's stock price rose, driven by a strong rally in the technology space, strong first-quarter earnings in late May, a positive outlook for AI chip demand, and increased investor confidence in the AI trade. While we recognise the structural growth opportunity in artificial intelligence and maintain exposure to several AI-focused names within the portfolio, we remain confident not holding Nvidia driven by valuation concerns and our conviction that Broadcom is better placed for the next phase of the AI evolution. To that point, we believe that as the industry shifts from general processing units toward more application-specific chips, Broadcom's capabilities in custom silicon and infrastructure solutions offer a compelling alternative. We see this as a more efficient use of capital, aligned with our conviction in the long-term trajectory of AI adoption.

AstraZeneca, a UK pharma company, detracted from relative performance during the month primarily due to broader market pressure on the pharmaceutical sector and trade uncertainties. Even though the company reiterated their full year guidance in April, the market has overlooked this due to broader industry concerns. We remain optimistic about AstraZeneca's long-term prospects, underpinned by its strong pipeline and focus on R&D. We expect solid growth through 2025, followed by sustained mid-single-digit top-line expansion. The market continues to undervalue its oncology potential, but with promising partnerships in place, we anticipate sustained outperformance.

Accenture, the U.S. IT services and consulting company, detracted from relative performance in June, as investor sentiment remained cautious due to macro uncertainty, a slower-than-expected cyclical recovery and weak bookings data. This overshadowed strong results in consulting and managed services, with the company exceeding expectations regarding both revenue and EPS. The market reacted to softer new bookings, but Accenture raised its full-year guidance, signalling confidence in demand recovery. The launch of its new "Reinvention Services" unit consolidates AI capabilities under one structure, with generative AI bookings reaching \$1.5 billion in the month. Continued investment in innovation and

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disciplined capital returns reinforce our long-term conviction in the name. When we initiated a position in Accenture, we were conscious of the more cyclical nature of consulting, but we continue to have confidence in the importance of digitalisation for Accenture's customers, which should support higher levels of thorough-cycle growth.

Contributors:

U.S. database and cloud technology company, Oracle contributed to relative returns across the month, buoyed by an upward revision to its FY26 outlook and a sharpened focus on AI-driven growth. Shares also rallied after CEO Safra Catz announced over 100% growth in MultiCloud database revenue and a landmark cloud deal projected to generate \$30 billion annually from FY28. Investor sentiment was further lifted by Oracle expanding their cloud infrastructure, strategic partnerships, and seamless AI integration across its product suite—positioning the company as a frontrunner in enterprise AI. This strong execution and clear vision continue to differentiate Oracle in a competitive landscape.

Broadcom, the U.S. semiconductor company, made a strong positive contribution to the fund's relative performance in June, benefiting from a broader rally in the semiconductor sector. Following a period of acute de-grossing in Q1- where investors significantly reduced risk exposure- market sentiment has since rebounded. Investor sentiment was buoyed by robust demand for AI-related chips. Broadcom also reported strong Q2 2025 results, with revenue and earnings per share growth driven by robust demand for AI semiconductors and the integration of VMware. We continue to see Broadcom as a key beneficiary of the AI transition and see it benefitting from the next phase where we expect a shift towards application specific chips which we believe will continue to be more important in improving the efficiency of AI models.

TSMC, the Taiwanese semiconductor company, positively contributed to relative performance in June, supported by strong May revenue and a favourable macroeconomic and geopolitical backdrop. May sales numbers (reported in June) were up 40% YoY, driven by robust demand in high-performance computing (HPC), flagship smartphones, and a recovery in mature nodes. Over the long term, TSMC is well-positioned to benefit from strong AI-driven demand, given its market-leading position in advanced chip manufacturing and a consistent track record of technological innovation.

Trades: While we did not initiate any major trades this month, we continued to diversify our defensive positioning by adding to consumer staples such as Coca-Cola and Colgate, given their strong pricing power and market leadership. We also increased our exposure to defensive names like CMS Energy in the utilities sector, supported by its stable and regulated business model and diversified operations.

Market Outlook and Investment Strategy

The first half of 2025 has proven to be a challenging backdrop to navigate as markets have endured some remarkable events driving extreme and volatile price action. Nonetheless, US indices and global equity markets still struck all-time highs. This exuberance however gives us reason to be cautious, and we note the deteriorating outlook, particularly in the US particularly compared to expectations heading into 2025. An expectation of ongoing 'US Exceptionalism' was well embedded in market pricing coming into this year and we had foreseen a constructive backdrop supported by the pro-business environment that the Republican Administration purported to represent. We have been surprised by the scale, speed and scope

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of the Administration's policies and are now much more mindful, expecting further near-term volatility. Whilst the S&P500 has reached record highs, we have increasingly seen the dollar devaluing despite a persistently high US 10Y view reflecting the lack of fiscal discipline shown by the Trump administration. In our view, we may continue to see USD weakness versus other currencies as an 'escape valve' which reconciles high equity valuations with emerging macro risks. This outlook has led us to re-evaluate our regional positioning. Looking forward we expect there to be greater appetite for investors to look to diversify, with international markets playing a more important role. Within our team, we are actively assessing regional diversification across the portfolio and look to manage country risk appropriately. We find China valuations challenging given the equity market strength this year, however we are actively re-evaluating and re-underwriting our underweights in other Asian and Emerging Markets. We acknowledge that there are attractive investment opportunities within the US but are overall cognisant that the tailwinds which have spurred US markets for the past decade, and a half are diminishing, whilst headwinds are starting to emerge. Amidst our macro concerns, micro trends have remained strong and corporate earnings have thus far broadly indicated resilience in the face of higher barriers to trade. US Technology and the 'Magnificent 7' have once again reasserted their leadership position in Q2 and whilst we acknowledge the structural tailwinds behind the AI transition, we focus on quality companies that are well positioned for the secular growth opportunities. As AI matures, we expect focus to shift from the first wave of companies which benefitted from the initial infrastructure build out. We have identified companies globally and across the supply chain which either we believe have the greatest gearing to AI productivity gains or can step out as market leaders in innovation, supporting more complex hardware development. Fundamental, deep dive analysis remains the main driver our stock selection across portfolios. Whilst macro aware and cognisant of our geographical exposures, we are bottoms up investors and therefore expect the majority of our active risk to come through stock selection, investing only where we have deep conviction in corporate fundamentals. We continue to focus on the long-term potential of businesses and look through short term market noise and volatility; but whilst also remaining disciplined in our valuation approach where we feel pricing has become extended. Ultimately, we believe that quality companies can offer resilience and are most likely to continue to grow and outperform in a volatile environment.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Energy Fund Investment and Market Review

The BGF World Energy Fund returned +5.69% during June, compared to its benchmark, the MSCI World Energy 30% buffer 10/40 index, which returned +4.96%.

Market:

- In June 2025, global markets experienced a notable rebound and risk rally driven primarily by easing geopolitical tensions and trade disputes. The surprise ceasefire between Israel and Iran on June 24 significantly improved market sentiment, leading to a broad risk-on environment. Overall, market reaction to the Israel-Iran conflict has been relatively limited, yet the conflict further underwrote the importance of energy security remaining front and centre of politicians.

Investment and Market Review & Market Outlook and Investment Strategy of the ILP sub-funds for HSBC Life Flexi Protector, HSBC Life Wealth Abundance, HSBC Life Wealth Accelerate, HSBC Life Wealth Harvest, HSBC Life Wealth Invest (Cash/SRS), HSBC Life Wealth Treasure, HSBC Life Wealth Voyage, Optimus, Polaris and Pulsar for the year ending 30 June 2025.

- Following the outbreak of the Middle East conflict, focus turned to U.S. policy, particularly the July 9 deadline of the 90-day pause on reciprocal tariffs and the “big, beautiful bill.”
- US equities reached new all-time highs by the end of June, recovering strongly from the earlier 2025 stock market crash triggered by tariff policies introduced in April. The S&P 500 and NASDAQ closed at record levels by June 27, reflecting optimism following the temporary US-China tariff deal and trade tensions easing. Large-cap technology stocks led the rally, with the “Mag 7” tech giants collectively gaining nearly 30% since the tariff pause in early April. S&P index closing at a record high on Monday to end its most volatile quarter since early 2020.
- June was a highly volatile month for commodity prices. The Brent oil price rose +6%, ending the month at \$67.6/bbl, but hit a high of \$78.9/bbl on June 19th as tensions in the Middle East flared.
- The US Henry Hub natural gas price closed the month flat, but also spiked from \$3.4/mmbtu to \$4.0/mmbtu as the market imputed a premium into global gas prices due the potential threat to global LNG markets from any constraints around the Straits of Hormuz. From a sector perspective, Energy was amongst the best performing (MSCI ACWI +4.6%), piped by Tech stocks.

Stocks:

- At the sub-sector level, with the exception of Refining and Marketing, all sub-sectors contributed positively.
- Performance at the stock-level was predominantly influenced by an oil-beta rally, driven by a \$10/bbl rise in oil prices as geopolitical risk rose sharply following further escalation of tensions in the Middle East and the prospective threat of disruption to the world’s most important energy thoroughfare – the Straits of Hormuz.
- The Fund’s overweight to Cameco was the strongest contributor. Nuclear stocks were strong in the month as Constellation Energy signed a 20-year PPA to sell nuclear power to META on June 3rd.
- The other top contributors were overweight positions in TechnipFMC, Permian Resources, Targa Resources, and TotalEnergies. In each case, this was driven by a general recovery in energy stocks rather than anything company specific.
- On the negative side, generally lower quality oil-beta names performed well during the month. The Fund did not hold a position in Eni, which detracted -16bps. The Fund’s overweight position in ConocoPhillips was also a large detractor. The company is mid-way through a multi-year capital investment program largely focused on long-duration projects in LNG (Qatar, Port Arthur) and Oil (Alaska) with falling free cash flow. Inflection in free cash flow comes from 2027+ assuming proper project execution, so the company lagged on the upswing in near term oil prices.

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- Additionally, the Fund did not hold a position in Australian E&P Santos, which also detracted from returns. The company is subject to an unsolicited all-cash bid from ADNOC-sponsored XRG consortium valuing the Australian LNG producer at \$18.7bn (June 15th).

Portfolio Activity:

- During the month, the Fund exited a position in an oilfield services company as the outlook for US shale drilling looks challenged for the latter half of 2025. OPEC+ continues to add back barrels into a demand environment that is stable, but not meaningfully trending upwards.
- Elsewhere most trades were driven by fund flows.

Market Outlook and Investment Strategy

- The Fund remains overweight Canada and the US, and underweight Europe and Global. We have a broadly neutral position in IOCs, are underweight E&Ps (primarily through Europe/Global) but with a small OW to Canadian and US E&Ps (oil sands and gas bias). In Refining, the Fund maintains a pronounced underweight (-3%), albeit less so for US Refining (-2.5%). We remain structurally overweight Midstream and underweight US-based oilfield services.
- Market expectations for oil prices over the coming quarters have moved lower in recent months. Current expectations for oil prices also appear to have reset lower creating the potential for positive surprise, should oil prices rise.
- *The US has a pressing need for power generation.* Demand for electricity is inflecting higher, driven by AI data centers, reshoring of manufacturing, increased air conditioning, and EVs, which we expect to increase demand for power generation particularly from natural gas and onshore renewables over the coming years.
- We see strong demand growth for LNG from major energy importers: particularly Europe with the ongoing need to replace lost Russian gas imports, but also China and Japan.
- For oil in 2025, we see oil production growth exceeding oil demand growth as longer-term projects come onstream, leading to softer oil prices, in the \$55-\$75 range as a base case, but with a wide range due to geopolitical risks. Similarly, any notable supply outage has potential to sharply tighten the oil market.
- OPEC has indicated it will increase previously curtailed production, which is impacting on oil prices and oil price volatility in the near-term.
- Beyond 2025, looking through 2026-2028 we expect oil demand to continue to rise and prove more resilient than currently expected. We see oil supply growth, particularly from US shale, as more challenging than is reflected by current energy company valuations and expect oil prices to trend higher.

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- Importantly, energy company valuations remain lower than the broader market and low relative to their own history. We see an acceleration in the energy transition, but expectations likely underappreciate the scale of change and resilience in oil demand growth, which remains linked to global economic growth and creates an investment opportunity, in our view.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Gold Fund

Investment and Market Review

Performance

- The BGF World Gold Fund rose 1.7% in June, underperforming its benchmark, the FTSE Gold Mines Index, which rose 3.6%. Fund performance in US dollar terms and net of fees for the A-share class.

Market

- Gold equities performed relatively well compared to gold during the month, as the gold price remained stable at US\$3,284/ oz.
- The Iran-Israel war initially pushed the gold price up due to heightened geopolitical risk, but ceasefire talks, saw the price trend lower.
- Additionally, uncertainty surrounding US monetary policy likely played a role in keeping gold prices steady throughout June.
- In terms of macro drivers for gold, the US dollar weakened, with the DXY index falling from 99.3 to 96.9. Meanwhile, US 10- year real interest rates decreased from 2.1% to 1.9%.
- Gold equities underperformed broader equity markets, with the MSCI All Country World Index rising 4.5% during the month.
- Physically-backed gold ETFs saw inflows in June, increasing total holdings from 2,733 tonnes to 2,776 tonnes.
- Meanwhile, net length in the Comex gold futures markets rose from 16.1 Moz to 18.7 Moz.
- Non-gold precious metals performed strongly, with the prices of silver, platinum, and palladium rising by 8.8%, 26.1%, and 17.6% respectively - each outperforming the price of gold.

Stocks

- Our off-benchmark holding in Emerald Resources weighed on relative returns, as the stock declined following news that production fell short of guidance and access to higher-grade mines was delayed.
- Our off-benchmark position in Artemis Gold contributed positively to relative performance, as it entered a key free cash flow phase, driven by the successful ramp-up of production at the Blackwater mine.

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- Our off-benchmark position in G Mining Ventures, was amongst the largest detractors from relative performance for the month. However, we believe the recent pullback largely reflects profit-taking following a period of strong performance.

Portfolio Activity

- We increased our holdings in large-cap gold mining companies, such as Barrick Mining and Newmont, due to more attractive valuations post a period of under performance versus the broader gold sector.
- We initiated a position in an Australian mid-cap producer, funded by trimming exposure to another Australian holding currently undergoing a capital-intensive phase, where we believe it's expected cash flow inflection is at risk.

Market Outlook and Investment Strategy

The structural factors supporting gold over the past 20 years are especially pertinent today: high government debt necessitating lower nominal yields, inflation reducing the purchasing power of fiat currency and elevated geopolitical risk. Turning to gold equities, production costs rose significantly through 2021 – 2024, which held back their performance relative to gold. However, we are excited about the outlook for margins from here, given high gold prices and costs appearing to stabilize with energy prices more subdued. The outlook for costs does vary across the sector, however, increasing the need to be selective and active in our view. Despite recent strong performance, gold producer stocks still appear unloved amongst generalists and they look attractive relative to gold and their historic valuations. M&A activity has increased and we expect further consolidation given issues the sector faces such as relevance for generalists and declining reserve lives. We believe gold producers delivering on free cash flow and capital discipline could be a catalyst to re-rate the space over the next 12 months. Government intervention represents a risk which we are seeking to manage, notably permitting issues in Australia, increasing royalties in Africa and anti-mining sentiment in Mexico. In terms of the other precious metals, we continue to like the outlook for silver but are avoiding the platinum group metals given concern around global automotive demand and capital discipline from producers.

Source: BlackRock (Luxembourg) S.A.

BlackRock World HealthScience Fund

Investment and Market Review

Performance Overview:

- The BGF World Healthscience Fund returned +1.4% during the month of June (A2 share class, net of fees in USD), underperforming the MSCI World Health Care Index, which returned +1.5%.

Market:

- In June 2025, global equities performed strongly, with the S&P 500 up +5.1%, the Dow Jones gaining +4.5%, and the Nasdaq rising +6.7%. This performance was driven by investor optimism during the month on the back of easing trade tensions and positive earnings reports broadly.

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- European equities also posted positive gains as the MSCI Europe Index rose +2.1%, led by energy and utilities equities, while consumer staples names lagged.
- Emerging markets equities rose strongly, with the MSCI Emerging Markets Index up +6.0%. South Korea, Turkey, and Taiwan were notable countries leading the way for monthly performance.
- Sector performance was broadly positive, with all sectors except for consumer staples posting gains over the month. Information technology, communication services, and energy were the largest beneficiaries over the month.
- Macro data showed a mixed picture with moderating inflation and resilient labour markets combined with uncertainty around interest rate trajectories, particularly from the US Fed.
- Overall, June closed with renewed investor confidence, though macroeconomic and geopolitical risks remain firmly on the radar. Sectors:
 - In June, the MSCI World Health Care Index returned +1.4% for the month, bringing the YTD return to +0.8%. Over the month, health care services (+5.2%) led subsector gains, followed by life sciences tools and services (+3.6%) and health care distributors (+3.3%). Health care facilities struggled in June, returning -0.1%. U.S. companies in the index performed strongly over the quarter, as Asian firms lagged.
 - The STOXX Global Breakthrough Healthcare Index, which tracks smaller-cap, innovation-driven healthcare companies, outperformed with a +2.0% return in June.
 - Eli Lilly remained in focus after agreeing to acquire Veeva Therapeutics, a Boston-based gene-editing biotechnology company, for up to \$1.3 billion. This move has been interpreted by some analysts as a vote of confidence in gene-editing, which has given a boost to the broader genomics space.
 - June saw this year's American Society of Clinical Oncology (ASCO) Annual Meeting, the world's largest oncology conference, convening global experts to present and discuss the latest advances in cancer research and treatment. A standout highlight was a trial demonstrating that adding AstraZeneca's immunotherapy drug Imfinzi to chemotherapy postsurgery improved survival rates in early-stage gastric cancer patients, marking a potential new standard of care.
 - U.S. policy surrounding overhauls to Medicaid and federal programs introduced investor concern across the sector, as fears of reduced reimbursement and rising uncompensated care remained a key overhang throughout the month. Stocks:
 - Not holding a position in GSK was the top contributor to relative performance over the month. The British pharmaceuticals company's stock fell as Most Favoured Nation policies introduced uncertainty across the broader industry.
 - An overweight position in Medtronic also contributed to relative returns. The company experienced strong performance during the month as new product potential improved investor sentiment.

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- Elsewhere, an underweight position in Eli Lilly was the largest detractor to relative returns over the period. The company performed well and continued to benefit from strong demand and increasing competitiveness in the GLP-1 drug offering.
- An overweight position in AstraZeneca was another detractor from relative performance. The pharmaceuticals company struggled over the month as Most Favoured Nation policies created broad-based uncertainty in the industry.

Changes:

- During the month, we significantly adjusted positioning within the pharmaceutical subsector. We increased exposure to pharmaceuticals companies with improved risk reward profiles following earlier sharp sell-offs and added to others where we expect solid fundamentals to drive returns. Conversely, we reduced portfolio exposure to pharmaceutical companies facing upcoming patent expirations that raised concerns over product pipelines, as well as those with negative pipeline developments. Additionally, we took profits from select health care equipment companies.

Market Outlook and Investment Strategy

- Despite a relatively strong start to the year for the healthcare sector, we continue to expect a high degree of stock dispersion in the sector driven by increasing scientific innovation, emerging technologies and policy shifts underscoring a flexible approach to investing across the sector while emphasising scientific attributes at the company level.
- The tariff landscape remains fluid, and we continue to monitor developments closely. From a sector perspective, healthcare is not immune, but it may be less affected than others. Its defensiveness stems from non-discretionary demand—healthcare consumption typically holds steady even during periods of economic stress.
- While certain healthcare industries may see continued volatility under the new federal government leadership, change is unlikely to be immediate or unilateral. With a more stable earnings profile and valuations trading below long-term averages we see a favourable risk-reward profile for the sector.
- Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical science and technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity

Source: BlackRock (Luxembourg) S.A.

BlackRock Latin American Fund
Investment and Market Review

Emerging Markets gained +12.0% in 2Q25, outpacing Developed Markets (+11.5%) and the US (+11.2%), despite geopolitical volatility driven by uncertainty surrounding where US 'Liberation Day' tariffs would

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settle following a quick 90-day pause on individualized reciprocal tariffs on most countries to allow for negotiations.

Latin America was the quarter's best performing region, up +15.2%. Mexico was up +20.5% benefitting from a relatively low 7-8% accumulated tariff ahead of the 90-day pause. Brazil (+13.3%) was less sensitive to Liberation Day effects, as investors remained more focused on central bank action. Whilst May was weak relative, the BRL appreciated +5.4% against the US Dollar in June and whilst the central bank delivered a 25bp rate hike, CPI appears to be slowing earlier than expected, which could signal the current tightening cycle soon coming to an end. Peru (+18.7%) outperformed, whilst Colombia (+12.4%) and Chile (+10.4%) lagged.

Market Outlook and Investment Strategy

Latin American equities have re-bounded sharply in 2025, and have outperformed both broader MSCI EM and MSCI World proving to be an unlikely defensive candidate amid an increasingly volatile world. Within Latin America, inflation has surprised to the downside in some countries, interest rate expectations are falling, and earnings across several sectors are beating forecasts. Despite this, valuations remain attractive.

We see interesting bottom-up opportunities particularly in Mexico and Brazil. In Mexico, we do not see a major change in the secular trend of nearshoring of supply chains, as Mexico will remain a much cheaper location to manufacture than the United States. Sheinbaum's pragmatic approach to trade negotiations underscores this view.

Whilst we have recently taken some profits on our domestic Brazil exposure, we remain positive on the country on a 12-18 month view and believe there is still room for significant upside. We favour companies with lower leverage and stronger earnings outlook. Given cheap valuations, we also see the potential for share buybacks supporting the market in 2025.

The BGF Latin America Fund returned +19.5% (A2, USD net) in Q2 2025. Outperforming its benchmark, the MSCI EM Latin America 10/40 Index, which returned +15.5%.

From a country perspective Brazil was the largest contributor. An overweight to and stock selection within Mexico also helped. On the other hand, off-benchmark exposure to Argentina detracted from returns. So did security selection within Chile.

From a security lens, an overweight to a collection of Brazilian consumer names did well with Azzas 2154, Lojas Renner and Alpargatas all contributing to performance after delivering strong Q1 earnings. XP, the Brazilian investment management platform, also did well on the back of decent results. Another stock that did well was financial technology and software solutions provider StoneCo. The stock rose alongside the Brazilian market and following news of a potential acquisition of their subsidiary Linx, by Brazilian software company Totvs. Our overweight to Brazilian Health Care name Rede D'or was another positive for the fund.

On the flipside, our overweight position in IT services firm Globant was the worst performer over the quarter. The stock pulled back on a poor set of earnings and weaker than expected guidance, which in our

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view was due in part to management extrapolating one-off weaknesses in the first four months of the year to FY 2025. Brazilian iron ore producer Vale was another detractor as the stock fell on the back of a 1Q production miss due to heavy rainfall. An underweight to digital banking platform provider NU Holdings also hurt.

We made some changes to the portfolio over the course of the quarter. We sold out of Brazilian electric utility company Energisa and added to Brazilian car rental company Localiza as we see greater upside for the latter. We also took some profits on our Brazilian consumer names by reducing Azzas 2154 and Assai, the supermarket chain. We initiated a position in Brazilian pulp and paper company Klabin, as we believe their leverage can come down as new assets are brought online. We also added to our holding in Brazilian logistics company, Rumo, taking advantage of the share price weakness following their 1Q earnings release. We think the initial share price weakness, which was due to higher-than-expected 1Q capex numbers, was an overreaction as the full year guidance was maintained.

The portfolio's largest overweight exposure is Brazil, where we are most overweight the Consumer Discretionary and Health Care sectors. Mexico is our second largest overweight. Our largest underweights are Chile and Peru. At the sector level, we are most overweight Consumer Discretionary and Health Care, while being most underweight Financials and Utilities.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Mining Fund

Investment and Market Review

The BGF World Mining Fund rose 3.7%, underperforming its benchmark, the MSCI ACWI Metals & Mining 30% Buffer 10/40 Index which returned 4.7%. Fund performance in U.S. dollar terms and net of fees for the A share class

The mining sector slightly outperformed broader equity markets during the month, with the MSCI ACWI TR Index rising 4.5%. This came in spite of mixed performance from mined commodities, with prices for iron ore (62% Fe) and nickel falling by 2.1% and 0.1% respectively, whilst the copper price increased by 5.3%.

The iron ore price was weighed down by continued soft economic data from China, maintaining uncertainty around the sustainability of a demand recovery. Meanwhile, seismic activity in the DRC in June led to severe flooding at the Kakula copper mine operated by Ivanhoe Mines, which disrupted operations and put upward pressure on the copper price. This has the potential to remove up to 275,000 tonnes from global copper supply between now and the end of the year, nearly erasing the year's projected surplus.

In the precious metals space, the gold price remained flat at US\$3,284/oz., whilst silver and platinum prices rose by 8.8% and 26.1% respectively. Escalating military action between Israel and Iran initially pushed the gold price higher but ceasefire talks in the second half of the month saw it trend lower.

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Stocks:

- Our overweight exposure to copper companies benefitted relative performance during the month but this was more than offset by a negative effect from stock selection in the sub-sector.
- Our overweight position in Canadian copper miner, Ivanhoe Mines, was a notable detractor due to flooding at its Kakula mine disrupting production.
- On the positive side, our position in Cameco was the top performer on the back of strength in the uranium price and optimism surrounding nuclear's role in the energy transition and powering artificial intelligence-related data centres.
- Lastly, our overweight position in gold producer, Northern Star, detracted from relative performance as it gave back some of its year-to-date gains.

Portfolio activity:

- We reduced our exposure to Ivanhoe Mines during the month on uncertainty surrounding production at its Kakula mine.
- We also rotated our diversified miner exposure, trimming our position in Rio Tinto and adding to Glencore.

Market Outlook and Investment Strategy

Near term, the mining sector faces a headwind of uncertainty surrounding China's economy but importantly, expectations being priced in today are very low. Historically, adding to Mining at times of peak China concern has been an effective strategy such. Meanwhile, the sector has a long-term demand story in the form of increased global infrastructure spending. Higher geopolitical risk appears to have accelerated action here such as in the case of Germany's recent announcement of a EUR500bn infrastructure package. A key component of this is also the low carbon transition and the build out of renewables capacity, which provides a multi-decade demand driver for the materials required.

On the supply side, mining companies have focused on capital discipline in recent years, meaning they have opted to pay down debt, reduce costs and return capital to shareholders, rather than investing in production growth. This is limiting new supply coming online and supporting commodity prices and there is unlikely to be a quick fix, given the time lags involved in investing in new mining projects. The cost of new projects has also risen significantly and recent M&A activity in the sector suggests that, like us, strategic buyers see an opportunity in existing assets in the listed market, currently trading well below replacement costs.

Lastly, we see an exciting outlook for gold producer earnings and margin expansion and it is our largest sub-sector exposure today. The gold price has risen substantially and looks well-supported by structural

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drivers: inflation eroding the purchasing power of fiat currency, high government debt necessitating lower yields and rising geopolitical risk. We have also seen a step-change in gold demand from central banks which we expect to remain net buyers. Meanwhile, the substantial cost inflation that held back the sub-sector from 2020-2024 appears to be over and given our expectation for subdued energy prices, we could start to see these costs declining. Despite recent strong performance from gold equities, they still appear unloved amongst generalists and look attractive in our view relative to gold and their historic valuations.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Technology Fund

Investment and Market Review

- The BGF World Technology Fund returned +9.9% in December (A2 share class in USD, net of fees), outperforming its benchmark, the MSCI ACWI Information Technology 10/40 Index, which returned +9.5%.
- In June 2025, global equities delivered strong gains, with the S&P 500 up 5.0%, the Dow Jones gaining 4.3%, and the Nasdaq soaring 6.6%, driven by resilient labor markets, easing trade tensions and robust earnings.
- European equities remained mostly flat following a strong performance in the prior month, the FTSE 100 and Euronext 100 up +0.1% and down -0.7%, respectively.
- In Asia, the Shanghai index was up 2.9% while the Nikkei gained 6.6%, largely due to a weakening dollar and improving global market sentiment.
- Sector performance was predominantly positive, with 10 out of the 11 global equity sectors up over the month, information technology, communication services and energy sectors led all others while consumer staples lagged.
- Macro data showed a mixed picture with moderating inflation and resilient labor markets combined with uncertainty around interest rate trajectories, particularly from the US Fed.
- Geopolitics remained a key source of volatility. The 90-day tariff pause between the US and China in May provided short term relief but left lingering uncertainty over future trade policy.
- Overall, June closed with renewed investor confidence, though macroeconomic and geopolitical risks remain firmly on the radar.
- Apple introduced several AI-driven features at its Worldwide Developers Conference, including opening its ~3-billion parameter on-device large language model to third-party developers, live voicemail transcription, call screening, and real time translation of phone calls.
- Google launched a premium “AI Ultra Plan” subscription at \$250/month, offering advanced AI tools like Project Mariner (AI browser automation) and Deep Think (enhanced reasoning AI). Google also expanded its Gemini 2.5 AI model family and introduced Gemini CLI, an open-source AI agent for developers.

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- Amazon announced deploying over 1 million industrial mobile robots enhanced with new AI foundation models to improve efficiency and smart operations across its logistics network.
- Meta aggressively recruited over a dozen top AI researchers from OpenAI, offering unprecedented compensation packages reportedly worth up to \$300 million over four years, as part of its push to strengthen AI capabilities.
- NVIDIA hit an all-time high market cap of \$3.92 trillion making it the most valuable company in human history.

Stocks:

- An overweight position in Mastercard was the single largest detractor from relative performance. The multinational payment card services company's stock declined due to investor concerns about rising competition from stablecoins and digital payment alternatives by major retailers.
- An underweight position in SK Hynix also detracted from returns as the chip manufacturer stock rose after increased investor confidence amid a recovering chip market and optimistic sales outlooks for the rest of the year.
- An overweight position in Oracle was the largest contributor, as the computer technology company's stock rose after securing several large cloud services deals and showing strong growth in its AI and cloud services.
- Lastly, an off-benchmark position in Meta contributed to returns, driven by the launch of Meta Superintelligence Labs and plans to monetize WhatsApp via ads in the "Updates" tab—both seen as key steps in strengthening AI capabilities and unlocking new revenue streams.

Changes:

- In June, the fund increased exposure to companies across the AI stack, including power and accelerated computing names such as Siemens, Advantest, AMD, Broadcom, and TSMC, as well as application and device names like Intuit and Tesla

Market Outlook and Investment Strategy

- The technology sector rebounded strongly in Q2 2025, as macroeconomic concerns eased and AI-driven earnings accelerated. While some uncertainty remains around global tariffs and geopolitical conflicts, these issues are increasingly viewed as manageable for leading tech firms. The sector's underlying fundamentals remain robust, supported by multi-year secular growth trends in AI, cloud, and quantum computing.

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- The recent market recovery has reaffirmed the value of high-quality AI enablers and application leaders. We are selectively adding to companies with proven AI monetization strategies and durable competitive moats, particularly where valuations remain attractive relative to long-term growth prospects.
- The current AI infrastructure cycle is being driven by both the rollout of next-generation Blackwell-class GPUs and a significant ramp-up in compute capacity by hyperscalers and sovereign governments alike. National AI and cloud initiatives are now matching or exceeding the scale of traditional hyperscaler investments, fueling robust demand for advanced semiconductors, networking, and supporting technologies, while also accelerating the development of regional supply chains.
- AI, cloud computing, and quantum computing continue to anchor our core holdings. The current environment of renewed optimism and selective volatility provides a constructive backdrop for active stock selection, as the AI infrastructure buildout and expanding technology moats are expected to drive sustained outperformance.
- The global technology sector is dominated by a small group of increasingly diversified mega-caps, but the Team believes that there are increasing opportunities in the vast number of companies not captured in the large behemoths of the space. The winners of tomorrow are unlikely to be the winners of today. The Fund is currently investing in mainly small and mid-cap companies, which provide more pure-play exposure into the emerging technologies than the sector's mega-caps.

Source: BlackRock (Luxembourg) S.A.

FAM Global Income Fund Investment and Market Review

FGI delivered a positive return of +3.53% in the first half of 2025, achieving top-quartile peer ranking within its Morningstar category over the past quarter and over the longer track record of the strategy. The strong performance was achieved amid a highly volatile macro environment, underscoring the strategy's ability to generate stable income while preserving capital.

Markets navigated multiple shocks over the past few months, including renewed trade tensions under Trump 2.0, geopolitical tensions in the Middle East, and corresponding sharp moves in both equity and fixed income markets. In this context, FGI's multiple engines of income proved effective:

- Emerging Market (EM) credit was a key contributor over Q1 2025. EM corporates, supported by healthier fundamentals and proactive central banks delivered strong performance on the back of their compelling yields and capital gain potential.
- Developed Market (DM) Investment Grade bonds: We added to higher quality DM credits going into Q2 2025 which helped to improve the portfolio's overall credit quality and income stability. This was beneficial in the ensuing volatility triggered by the escalation of tariff threats by the US on major trading partners in April.

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- Alternative income: Our positions in Insurance-Linked Securities (ILS) continued to provide steady and uncorrelated income, reinforcing portfolio resilience during market drawdowns. The strategy's diversified streams of income allowed FGI to maintain a consistent monthly distribution of \$0.51 through 1H 2025.

Market Outlook and Investment Strategy

Uncertainty remains elevated as we look forward to the second half of 2025. Geopolitical developments, shifting U.S. trade policy, sticky inflation, and a volatile interest rate backdrop present both challenges and opportunities for investors. In this environment, FGI is focused on delivering continued high income while actively managing risks. We maintain a preference for 1. higher quality, shorter-duration credit as well as 2. alternative income sources such as ILS help to reduce exposure to spread volatility and long-duration risk. More tactically, the portfolio has selected positions in EM credits which still offer better all-in yield as well as improving fundamentals. While volatility is expected to persist, the current environment of falling recession risks and higher yields offers a sweet spot for fixed-income heavy strategies. The team remains agile and risk-aware, dynamically adjusting exposures in response to evolving market conditions. Alongside fixed income, the portfolio also retains a stable equity positioning on the back of continued earnings tailwinds for capital gain potential.

Source: Finexis

FAM Global Opportunities Plus Fund

Investment and Market Review

The first half of 2025 was marked by historic levels of volatility across asset classes — triggered by geopolitical shocks, unpredictable policy shifts and escalating trade tensions. Against this turbulent backdrop, FGOP's flexible multi-asset strategy delivered strong returns of 6.04%, achieving top-quartile peer rankings within its Morningstar category over the past 1-month and 3-month periods. Equities were notably volatile in April, when the S&P 500 recorded one of its sharpest two-day drops in history, only to rebound to all-time highs by the end of the quarter. The strategy utilized protective put-spread strategies when volatility (and insurance cost) is low, taking a prudent approach to manage risks. These actions helped contain the downside e.g. FGOP's max drawdown in April is -7% vs. S&P 500's -12%, while still maintaining strong upside capture during subsequent rebounds. Fixed Income played a key stabilizing role. The portfolio tilted toward high-quality investment-grade bonds and tactically added to duration during periods of market stress, benefitting from falling yields driven by softer growth expectations and fiscal concerns in the U.S. Alternatives also helped in cushioning drawdowns and diversifying returns. The portfolio's allocation to Gold delivered strong gains supported by central bank demand and geopolitical tensions, while positions in Insurance linked securities (ILS) contributed steady, uncorrelated returns.

Market Outlook and Investment Strategy

Uncertainty remains elevated as we look forward to the second half of 2025. Geopolitical developments, shifting U.S. trade policy, sticky inflation, and a volatile interest rate backdrop present both challenges and opportunities for investors. FGOP maintains a constructive view on equities with worst-case tariff risks easing and fundamentals still holding up. At the same time, we continue to utilize asymmetric

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protective strategies to protect against potential volatility as trade talks and macro data unfolds. Within fixed income, we favour investment-grade credit for its resilience, while staying underweight duration amid rising long-end yield volatility linked to fiscal uncertainty. The portfolio has also reduced USD exposures given concerns around its “twin deficits”, which presents further headwind for the currency. Looking forward, FGOP flexible multi-asset strategy, and active and prudent approach is crucial for navigating the uncertain environment ahead.

Source: Finexis

FAM Millennium Equity Fund

Investment and Market Review

The first half of 2025 was marked by historic levels of volatility across asset classes — triggered by geopolitical shocks, unpredictable policy shifts and escalating trade tensions. Against this backdrop, FME was not spared from the initial volatility but subsequently rebounded to deliver positive return of +5.23%. The year had a challenging start, with the US leading declines as President Trump’s escalated tariff threats in April. In this backdrop, FME’s globally diversified portfolio and timely portfolio adjustments managed to cushion downside risks; such as reducing US tech exposures earlier in the year on the back of China’s DeepSeek AI breakthrough which caused investor to question the dominance of US tech firms. As reference, FME’s maximum decline of -16.5% compares favourably to S&P 500’s -18.9% over the same period. April marked a turning point for global equities. Following historic volatility sparked by reciprocal tariffs, FME recovered strongly alongside the recovery in global equity markets, achieving strong Q2 returns of 8.91%. Overall, FME achieved similar returns to the S&P 500 year-to-date with better diversification and less risk.

Market Outlook and Investment Strategy

As we enter the second half of 2025, markets have staged an impressive recovery following April’s historic volatility. While US equities have recovered meaningfully, the durability of the “US exceptionalism” trade is increasingly in question amid elevated policy unpredictability. Against this backdrop, we are maintaining a diversified allocation across regions and styles, avoiding concentrated risks until there is greater clarity on the trajectory of global trade negotiations. Looking ahead, we’re watching key signposts closely - including upcoming earnings results and further direction on U.S. trade policy - to guide positioning. We remain cautiously optimistic on the back of progress in trade negotiations and continued earnings resilience but remain focused on managing risks that may present themselves in the second half of the year.

Source: Finexis

Fidelity Global Financial Services Fund

Investment and Market Review

Global financial sector advanced during the second quarter in line with the global equities, which started the quarter on a weak note shaken by broad US tariff hikes and swift retaliation. Markets rebounded mid-April as the US announced a 90-day tariff pause to revive negotiations. At a regional level, US equities

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gained on strong earnings and renewed rate cut hopes. European equities advanced as global markets continued to exhibit geographic breadth, which was also evident in Q1. The European Central Bank (ECB) implemented two interest rate reductions during the period, each by 25 basis points. ECB President Christine Lagarde indicated that the central bank had “nearly concluded” its cycle of rate cuts. Furthermore, increased defence spending also boosted sentiment and supported industrials. UK and Japanese equities also moved higher. The Bank of England (BoE) reduced interest rates by 25 basis points to 4.25% in May. Emerging markets were buoyed by improving risk appetite and increased foreign inflows. The renewed enthusiasm around the AI thematic also saw the Magnificent 7 re-establish their market dominance. This had a significant impact on sector performance, with information technology (IT) and communication services two of only three sectors which outperformed the market. There was a significant style rotation, as the growth sell-off at the start of the year quickly whipsawed. The poorest performing sectors tended to be the defensive areas of the market, which lagged the market in this risk on environment.

The Fund (A-Euro) delivered -0.5% and underperformed the comparative index (1.6%) over the second quarter. While weakness in select insurance and Japanese bank holdings held back gains, the positive contributions from capital markets and US banking franchises supported returns.

Defensive Insurance Sector Impacted by Shift to 'Risk-On' Positioning

At a stock level, our allocation to US insurance names including Arthur J Gallagher and Brown & Brown detracted from returns. Tariff-related risks emerged as a significant concern, particularly affecting the property and casualty (P&C) segment. Investors were worried about elevated tariffs driving up the prices of automotive and construction imports, potentially leading to higher claim costs and thereby diminishing profitability. Nonetheless, managers remain invested in these names given their ability to be cash generative compounders and given the defensive appeal of the insurance sector.

Japanese Banks Retreated

Within Japan, bank holdings Mizuho Financial Group and Mitsubishi UFJ Financial Group declined as US tariffs sparked fears of slowdown in global growth that could negatively impact the country's economic recovery and efforts to return to normal interest rates.

Notable contributors in capital markets and select banking franchises

Capital markets holdings enjoyed uplift driven by higher trading activity and increased volatility, which bolstered transaction volumes and fee-based income streams, underpinning improved Q2 2025 results. US-based electronic trading platform Interactive Brokers Group rose after the company reported a rise in its client's daily average revenue trades (DARTs) on a year-over-year basis.

Market Outlook and Investment Strategy

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The portfolio managers design the portfolio to give the clients interest-rate-sensitivity and market-sensitivity similar to the index, while owning companies with relatively higher quality and/ or long-term growth prospects and maintaining a valuation discipline.

The fund is overweight in “multi-sector holdings” including Berkshire Hathaway and Investor AB. Their large equity portfolios give stock market beta and help them perform well in a “risk-on” market. Their strong balance sheets also help them remain relatively resilient during market corrections. Additionally, Berkshire Hathaway has substantial reinsurance and insurance businesses, which are non-cyclical. The fund is positive on “investment banking & brokerage” (e.g., Interactive Brokers Group) & “asset management & custody banks” (e.g., Ares Management). These businesses have demonstrated strong ability to deliver organic growth over time and benefit from strong public equity markets. Within insurance, the fund is overweight reinsurance and neutral insurance (Multi Line, Life, and Property & Casualty). Elsewhere, within banking, the principal shift in portfolio positioning recently is an increased allocation to US regional banks. This reflects the PM team’s constructive outlook on the regulatory environment, supported by Michelle Bowman’s appointment as Vice Chair of the Federal Reserve, the resolution of longstanding penalties against Wells Fargo, and policy signals favouring industry consolidation. Regional bank valuations, recently impacted by “Liberation Day,” also presented attractive entry points.

Source: FIL Investment Management

Franklin Global Sukuk Fund

Investment and Market Review

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.

For the quarter, the fund’s A (acc) USD shares returned 1.59%, and its benchmark, the Dow Jones Sukuk Index, returned 1.64%.

In the second quarter of 2025, the fund’s asset allocation curbed results, primarily through an underweight exposure to sovereigns, an overweight position in corporate financials and an off-benchmark allocation to treasuries. Conversely, a lack of exposure to supranationals added value.

Its currency positioning held back fund returns, owing to an exposure to the Turkish lira. However, the fund’s exposures to the Malaysian ringgit and Singapore dollar lifted results.

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Security selection contributed to the fund's performance, notably in sovereigns (the Maldives, Egypt and Indonesia), quasi-sovereigns (Mamoura) and financials (Al Miyar Capital, which provides exposure to long-term US rates).

Market Outlook and Investment Strategy

Geopolitical and economic events are unfolding at a rapid pace. Our and the markets' assessments of risks to growth and inflation are under constant review and are creating a material increase in volatility, which we expect to persist over the next few quarters.

While credit (and equity) markets have broadly recovered from the uncertainty associated with recent US policy making, we remain acutely aware of the persistence weaker US-dollar exchange rates and still-fragile demand for long-dated US Treasury bonds.

Valuations, therefore, still favour benchmark rates over credit spreads, and our outlook continues to support an increase in defensive allocations to higher-quality fixed income sectors—such as global Sukuk.

Source: Franklin Templeton

Franklin Income Fund

Investment and Market Review

US stocks advanced during the second quarter of 2025 as equity markets rebounded from April's lows and continued to rally through June, despite bouts of volatility. 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. Major US indexes fluctuated, but each posted positive returns by period-end. The S&P 500 Index trended upwards and ended the quarter with solid gains after facing significant declines in early April and hitting new record highs at the end of June, marking a sharp turnaround from the "Liberation Day" slump. The technology-heavy Nasdaq Composite Index performed strongly during the quarter, bolstered by better-than-expected earnings reports from certain mega-capitalisation, tech-related companies. The Dow Jones Industrial Average also ended the quarter with solid returns despite initial volatility. In this environment, eight out of the 11 S&P 500 sectors rose; information technology (IT), communication services, industrials and consumer discretionary led returns, while energy, health care and real estate retreated. Large-cap equities gained the most, followed by mid- and small-cap stocks.

The US Federal Reserve (Fed) maintained its cautious stance during the quarter. It held the federal funds target rate steady in May and June at a range of 4.25%-4.50% as policymakers continued to monitor and evaluate the potential impact of tariff, immigration and tax policies. The Fed's preferred inflation gauge, the core personal consumption expenditures price index, slowed in April for the second consecutive month but accelerated in May, remaining above the Fed's 2% long-run target. The country's gross domestic product contracted in the first quarter of 2025 for the first time in three years, largely due to a significant rise in imports. Additionally, manufacturing activity contracted in June for the fourth consecutive month, though it increased slightly from May. In contrast, the services sector grew in June after one month of contraction as both the business activity and new orders indexes returned to expansion territory.

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For the quarter, the fund's A (Mdis) USD shares returned 2.83%, and its benchmark, the Linked Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg High Yield Very Liquid Index + 25% Bloomberg US Aggregate Index, returned 1.44%.

Market Outlook and Investment Strategy

Economy: The economic growth outlook continues to be a major area of focus for the fund. The US economy remains resilient, but ongoing uncertainty in monetary, fiscal and trade policy may continue to weigh on investor sentiment and the broader economy in the second half of the year. Moreover, while the labour market has incrementally cooled, unemployment levels are still low on a historical basis. We continue to monitor financial conditions as a leading indicator of future economic performance and Fed policy.

Equities: Following two years of narrow market breadth, we started to see a broadening out of market leadership in the second half of 2024's calendar year, which continued through the market volatility in 2025's second quarter. While index level valuations are elevated, opportunities are available below the index levels, which we feel favours active management. Recently, we have found select opportunities within the consumer discretionary, energy and IT sectors. We remain selective in engaging with equities, given current valuations in some sectors. As income-focused investors, our asset allocation mix is driven primarily by bottom-up security selection, with a focus on company fundamentals as opposed to the direction of the broader equity market. While the capital return story differs by sector, our holdings are focused on businesses that show an ability to support attractive dividend yields and grow them over time.

Treasuries/Government-Backed Bonds: The long end of the yield curve has been particularly volatile as the outlook for deficit spending, as well as longer-term economic growth and inflation expectations, has had a larger impact on the longest-dated bonds. Government securities continue to provide an attractive investment opportunity, in our view, as yields remain elevated based on recent history. We believe they continue to offer good diversification potential and can serve as a ballast to help hedge portfolios during market volatility.

Investment-Grade Corporate Bonds: While absolute yield levels are still attractive for an income-generating strategy, credit spreads have contracted materially over the past year, which has decreased the attractiveness of investment-grade corporate bonds, in our assessment.

High-Yield Corporate Bonds: Recent market volatility resulted in a combination of wider spreads and substantially higher yields, which has provided attractive investment opportunities, in our view. This opportunity was short-lived, as spreads returned to relatively tight levels by period-end. While we think the high-yield market offers attractive yields, we remain balanced and selective due to the potential for higher refinancing costs impacting companies' fundamentals. The potential for growth deceleration necessitates a vigilant approach to security selection within our high-yield portfolio, so our preference continues to be companies that have a greater degree of flexibility to deal with upcoming maturities.

Source: Franklin Templeton

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Franklin India Fund

Investment and Market Review

Indian equities rose on improved macroeconomic data, namely easing inflation and better-than-expected gross domestic product growth for the January to March quarter.

For the quarter, the fund's A (acc) USD shares returned 9.09%, and its benchmark, the MSCI India Index-NR, returned 9.22%.

Cognizant Technology is a US-listed technology services company that derives much of its earnings from services provided from India. Its share price declined sharply post the tariff announcement from the United States, on expectations of a slowdown in the United States, resulting in weaker demand for information technology (IT) services companies such as Cognizant. IT services companies in general are seeing a slowdown in the execution of discretionary projects, leading to weaker earnings growth for the industry.

Indian Hotels is an owner and operator of hotels and resorts. Its brand portfolio caters to a wide range of budgets, from midscale to luxury. Its share price moved downwards alongside other India-based hospitality stocks amid border tensions between India and Pakistan, adding to earlier stock-price pressures from its fourth-quarter fiscal-year 2025 results.

Eternal, formerly known as Zomato, is India's largest online food delivery platform connecting users, restaurants and delivery partners. Its share price rose on the back of expectations of continued strong execution in the competitive quick commerce space. The company's improving operating metrics, cost controls and market consolidation were noted by analysts as catalysts for Eternal in the mid to long term. Food delivery remains a multidecade growth opportunity in India given the scale achieved in other markets globally, with Eternal being the dominant player. In our view, this should support decent unit economics and profitability.

Market Outlook and Investment Strategy

The improvement in India's macroeconomic indications have extended over several months, proving that economic conditions are turning around. In absolute terms, this sets a constructive backdrop for equity markets. In relative terms, compared to other economies, there are few economies that are forecast to grow at India's rate.

Last month, we wrote about the positive consequences that this year's interest-rate cuts behold. Combining this with the prediction of above-average monsoon rains in 2025—bringing to the table the possibility of higher agricultural output—would benefit both the low- and middle-income segments, driving a more broad-based consumption.

This improving macroeconomic environment will trickle down to corporate earnings, and the low base from a year ago could also help with earnings growth. The fiscal year 2025 fourth-quarter corporate earnings season exceeded most investor expectations. However, the second half of the 2025 calendar

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year could see a more improved earnings environment, triggered by lower credit costs and moderating inflation.

While we acknowledge that volatility will continue to remain in the horizon, we believe that our portfolio's bottom-up focus helps to capitalise on the specific dynamics of the Indian equity market, rather than merely reacting to global uncertainties.

Source: Franklin Templeton

Franklin K2 Alternative Strategies Fund

Investment and Market Review

The second quarter of 2025 began with US President Donald Trump's announcement of reciprocal tariffs that were more sweeping and severe than many had expected, leading to significant financial market volatility. However, global trade tensions eased during the rest of the quarter as the United States delayed planned tariff hikes, reducing investor fears of a global recession. Investors remained concerned about elevated inflation levels in certain regions over the period, but reduced recession fears helped in improving consumer sentiment. The onset of the Israel-Iran conflict in the Middle East in mid-June and its tenuous ceasefire at month-end had minimal impact on global equity markets. Investors largely looked through the risks, although oil price volatility briefly rose due to concerns that a broadening of the conflict could have uneven impacts globally. Against this backdrop, global equity markets collectively rose during the quarter after bouncing back from their April lows. In the United States, the S&P 500 Index dropped significantly in early April, then trended higher and closed the period with solid gains after hitting new record highs at the end of June. As measured by MSCI indexes in US-dollar terms, developed market equities rose during the quarter but slightly trailed the global index. Emerging market stocks produced positive returns, aided by a weaker greenback, and outpaced global stocks. In terms of investment style, global growth stocks significantly outperformed global value stocks. Credit markets broadly witnessed positive absolute returns over the period, as spreads tightened. Higher-rated credits are generally underperforming their lower-rated counterparts. US Treasury (UST) yield changes were mixed. Very short- and intermediate-dated yields witnessed declines, while longer-maturity UST yields increased.

For the quarter, the fund's A (acc) USD shares returned 2.18%, and its benchmarks, the ICE BofA US 3-Month Treasury Bill Index and the HFRX Global Hedge Fund Index, returned 1.04% and 1.85%, respectively.

Market Outlook and Investment Strategy

Amid market uncertainty, geopolitical tensions, and U.S. President Donald Trump's transactional orientation and propensity to change his goals, we believe the outlook for hedge fund strategies remains constructive. Heightened dispersion and constrained liquidity are creating compelling opportunities for dynamic, market-neutral and nimble investment approaches.

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Last quarter, we described the investment environment as one defined by elevated economic uncertainty, rising geopolitical tensions, stretched valuations and tight credit spreads. Today, both uncertainty and geopolitical risk have arguably softened a bit. While valuations have gotten more stretched, we are not yet seeing signs of distress—the VIX is below 17, and credit markets remain mostly orderly.

There are differing views on the drivers of this shift. Some point to the return of President Trump and the resurgence of market “animal spirits,” others to a broader reordering of the global system and still others to the mounting burden of global debt. Regardless of the cause, we anticipate continued market volatility and dispersion, sporadic liquidity during unexpected news events, Trump tweets, and the potential for positioning flows to drive markets.

For hedge fund investors and managers, this environment presents both meaningful opportunities and heightened risk. The tails to both the upside and downside are expected to be fatter than previously experienced over the last five years. We expect to see greater divergence in manager performance—even within the same sector—driven by increased volatility. In our view, success in this environment is likely to require portfolios that are diversified, liquid, opportunistic and patient.

We maintain a neutral outlook for all four of the portfolio’s primary strategies.

Within Long Short Equity, we favour international strategies where alpha opportunities are supported by greater market dispersion. The global landscape is being reshaped by geopolitical realignments, trade tensions and divergent central bank policies, all of which are driving capital flows and creating dispersion outside of the US. It’s hard to be constructive on the beta outlook given the persistent uncertainty and the frequency of macro events, policy pivots and geopolitical surprises. But it is exactly this uncertain environment that drives dispersion and alpha. Companies are responding differently to higher rates, supply chain shifts and evolving regulatory pressures, all of which are leading to greater dispersion in fundamentals. As markets transition from thematic narratives like AI exploration to tangible adoption, the winners and losers are becoming clearer— creating fertile ground for long short equity stock pickers.

Volatility and dispersion came back with a vengeance last quarter, and while the short-term fears have since abated, we believe the market environment in the coming months is likely to continue to present improving investment opportunities for Relative Value managers. This is particularly the case for strategies that can capitalise on volatility in asset classes outside of equities — for example, fixed income arbitrage. Increasing uncertainty about monetary and fiscal policy in the US and other major economies has already contributed to higher volatility in the rates markets. We believe diverging capital flows and central bank utility functions is likely to keep these markets somewhat unpredictable. The same can be said for other Relative Value strategies that can capitalise on volatility, including convertible arbitrage, as the strategy directly benefits from increased equity market volatility — and has the added tailwinds of a pickup in new issuance and special situations activity. While our outlook for the strategy broadly has improved marginally from last quarter, there are factors tempering our excitement – most notably a reliance on leverage, an excess of capital and the potential for structural risks due to higher regulatory and geopolitical uncertainty.

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Our Event Driven outlook is neutral, though improving, with modest upgrades for most sub-strategies. After a slow start to the year (punctuated by heightened volatility in April), deal volumes have been picking up notably in recent months. CEO confidence remains hampered by tariffs and geopolitical uncertainty, but there's a need for baseline levels of corporate activity to support growth plans or defend market share, which has been sufficient to keep investors in this strategy busy. Regulatory and antitrust risks are perceived to be declining in the US, leading to potentially better expected outcomes. And in the interim, deal spreads remain attractive, offering sufficient compensation for merger arbitrage managers to participate in deal making. The outlook is even better for special situations investing—in addition to healthy levels of M&A, we expect other types of corporate activity (spinouts, restructurings, LBOs and activist campaigns) to remain fruitful for the foreseeable future. Levels of corporate activity are somewhat correlated with equity market performance, so expectations for better equity returns going forward are favourable for Event Driven investing as well.

The environment remains favourable for Global Macro strategies, and especially so for discretionary managers who can be reactive to and manage risk around market-moving headlines and policy announcements. As new narratives emerge and markets digest policy changes, we think the opportunity set could improve for systematic strategies. Recent themes in markets, especially US dollar (USD) weakness and a potential rebalancing from US to rest-of-world assets, may provide a tailwind for emerging markets, though we continue to believe specialists focusing on idiosyncrasies between regions and countries are best suited for identifying alpha opportunities.

We have a strong overweight outlook for discretionary Global Macro strategies. The USD has trended weaker in recent months, driven lower by a combination of factors related to domestic and international policies, as well as a broad reassessment of popular US exceptionalism narratives. Some currencies, like the Taiwanese dollar, have seen dramatic moves as foreign investors rethink their FX hedging policies or future portfolio allocation decisions. To the extent that this weaker dollar trend persists, macro managers may find opportunities not just in currency momentum, but also across developed and emerging markets as well as other asset classes. As with any significant move in major macro markets, there could be risks and opportunities around dislocations or unexpected outcomes — a potentially rich environment for macro-driven traders and investors.

Source: Franklin Templeton

Franklin Technology Fund

Investment and Market Review

Global equities collectively rose during 2025's second quarter (2Q25) after bouncing back from their April lows. Nine out of the 11 global equity sectors advanced; information technology (IT), communication services and industrials produced the highest returns, while energy and health care retreated. In terms of investment style, global growth stocks significantly outperformed their value-oriented counterparts, regardless of company size. US President Donald Trump's sweeping "reciprocal" tariffs sparked market volatility, but easing trade tensions and delayed tariff hikes reduced recession fears and supported

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consumer sentiment despite elevated inflation in some parts of the world, amid minimal market impacts from the Israel-Iran conflict and oil price fluctuations.

The IT and communication services sectors spearheaded the 2Q25 rally in both US and global equity markets despite pockets of ongoing geopolitical and tariff-driven volatility, with semiconductor and software industry stocks leading IT higher. Having spent the first three months of the year at the bottom of the sector rankings, tentative signs of renewed confidence in IT were driven by robust demand for artificial intelligence (AI) and tech infrastructure, diversified global supply chains that were seen by many investors as mitigating at least some of the tariff impacts, and signs of fairly stable first-quarter 2025 (1Q25) earnings from major IT firms. The earnings stability was partially due to the strength in recurring revenue streams in subgroups like software and IT services. Aside from robust AI-driven demand, IT outperformance was further aided by hyperscaler spending as tech-focused giants (e.g., fund holdings Microsoft, Alphabet, Meta Platforms) maintained vigorous capital outlays on AI and cloud computing. This trend also lessened prior investor concerns about potential reductions in AI spending due to more efficient AI models. Tech giants, particularly NVIDIA (held by the fund), delivered blockbuster earnings reports, exceeding consensus revenue and profit expectations. Other mega-capitalisation firms held by the fund, including Amazon.com, Microsoft and Alphabet (Google), were also seeing sustained demand for AI infrastructure and cloud services. These results alleviated wider concerns about potential slowdowns in AI spending. Another significant driver was the temporary US-China trade agreement announced on 12 May, which paused steep US tariffs on Chinese imports. This deal mitigated fears of critical supply disruptions, particularly for semiconductors. Finally, generally contained inflation and hopes for additional US Federal Reserve interest-rate cuts boosted “risk-on” sentiment, favouring growth-oriented tech stocks. Despite the rally, uncertainties lingered. Investors expressed concerns about ongoing trade policy volatility, particularly with China, along with high valuations in some tech segments as not all companies were expected to sustain the level of growth implied by elevated price/earnings multiples heading into July.

For the quarter, the fund’s A (acc) USD shares returned 26.70%, and its benchmark, the MSCI World Information Technology Index, returned 23.25%.

Market Outlook and Investment Strategy

The latest earnings season (covering 1Q25) offered signs of fairly steady IT investment despite macro uncertainty, with a continued emphasis on both AI infrastructure and applications that drive productivity. We picked up encouraging demand signals from cloud service providers like fund holdings Microsoft and Oracle as their customers build and adopt AI applications at an accelerating pace. This flowed through to the chipmakers and hardware companies serving the AI data centre market. Enterprises have been contending with economic challenges and finite IT budgets, but software companies that drive efficiency, enable more effective use of proprietary data and enable workforce AI adoption are still seeing healthy demand. Meanwhile, despite tariff concerns, we saw no signs of consumers meaningfully cutting back on their digital services spending, which we think continues to offer high value relative to price. In the coming weeks, we’ll continue to monitor these and other key data points as the 2Q25 earnings season unfolds.

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Generative AI (GenAI) adoption should continue to show substantial progress for the rest of 2025, in our view, aided by developments in agentic AI (unlike chatbots, which gather information to answer questions, AI agents require data on the way tasks are performed, including the sequencing of actions and the reasoning behind them). Last year was largely about building the foundation for current and future AI demand. This phase involved substantial capital investment to build AI infrastructure and improve AI model capabilities, experimentation with new use cases, enterprise investment in data preparedness and IT modernisation, and the ramp-up of in-house knowledge and skills. To be clear, we expect this capital investment and experimentation to continue into 2026 and beyond. We think all of this hard work should translate into steadily growing adoption in the coming years, which can benefit various industries within the IT sector and beyond. While GenAI's value has already been proven in areas like software development, customer support, and sales and marketing, we anticipate a much wider spectrum of use cases. We believe the shift towards AI agents should be bolstered by the advances we've seen in large language models over the past year or so, as they become much more capable of reasoning through complex problems.

IT sector valuation multiples have recovered since April but still don't feel particularly stretched. On a price/earnings basis, the MSCI World IT Index at June-end was trading at a premium to the MSCI World Index and was slightly above its five-year average. While we currently do see stretched equity valuations in select pockets of IT, in the aggregate we think the sector's current valuation is reasonable in the context of above-market earnings growth expectations. Heading into July, the MSCI World IT Index's PEG (price/earnings-to-growth) ratio was sitting well below that of the broader market. This context is important to us, as we believe above-market sector earnings growth has been one of the key contributing factors to IT outperforming the broader global equity market in nine of the last 10 years (2022 was the sole exception).

Potential risks we are monitoring include: (1) GenAI disruption (e.g., incumbent companies that fail to keep up with technological change, new AI model architectures that may change infrastructure requirements, etc.); (2) the balance of supply and demand for GenAI infrastructure; (3) geopolitical risks, particularly around the impact of US tariff policies and any retaliatory tariffs (as outlined above), along with advanced-technology export restrictions imposed on China—and the extent to which these restrictions accelerate China's homegrown efforts to compete effectively in advanced semiconductors, hardware design and manufacturing; and (4) ongoing macroeconomic risk, including the possibility of decelerating global gross domestic product growth and/or rising inflationary pressures, and the extent to which they impact technology spending.

We maintain our long-term orientation. The fund remains positioned to potentially benefit from robust long-term secular growth drivers such as AI, cloud computing, and our other eight Digital Transformation subthemes: new commerce; fintech and digital payments; digital media transformation; digital customer engagement; electrification and autonomy; IoT (Internet of Things); cybersecurity; and the future of work.

Source: Franklin Templeton

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Franklin Templeton Western Asset Asian Opportunities

Investment and Market Review

Global government bond yields generally ended the month lower. 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. A US-brokered ceasefire saw oil prices retrace lower. Government bond yields moderated in unison, as concerns subsided that elevated oil prices could stoke inflation. The Federal Reserve (Fed) kept policy rates on hold, while May inflation was slightly weaker than expected. This, combined with a downwards revision to first-quarter 2025 gross domestic product, saw US Treasury (UST) yields fall and investors discount additional easing from the Fed. The United States and China agreed on details of a trade framework that would ease restrictions on US technology and on Chinese rare earth exports. Local emerging market (EM) government bond yields generally ended the month lower, following their US counterparts.

For the quarter, the fund's A USD DIS (D) shares returned 5.74%, and its benchmark, the Markit iBoxx Asian Local Bond Index Since May 2016, returned 5.70%.

Asian currency exposure contributed to returns, led by the Taiwan dollar and the South Korean won on the back of US-dollar weakness.

Asian bond exposures were positive for returns, as yields were broadly lower for the month, outperforming USTs. Solid domestic fundamentals and the depth of local fixed income markets continue to anchor yields, leading to outperformance. In addition, there are continued expectations of monetary policy easing.

An allocation to US dollar-denominated credit did not meaningfully impact returns, as spreads were largely unchanged over the month.

Market Outlook and Investment Strategy

US government policy has caused severe volatility in fixed income markets over the last several months. Global growth is expected to slow given heightened unpredictability, but growth should remain positive. US growth is downshifting due to a myriad of factors, including tariff uncertainty, waning benefits from immigration, and reduced government spending in recent years. A significant fiscal boost from European defence and German infrastructure spending should support eurozone growth and provide relief from tariff-related uncertainty. Deflationary pressures in China persist and confidence is weak amid property market concerns, but sentiment is improving with fiscal stimulus and policy easing. Overall monetary policy remains restrictive, and we believe that central banks will continue to cut rates. The Fed remains well-positioned to provide support if the US economy falters. Public debt levels continue to rise and yield curves may steepen further given concerns over fiscal policies. While fundamentals remain positive, spreads are at the tight end of historical ranges in some sectors and warrant caution. We will continue to look for further periods of volatility to add to spread products.

Global growth challenges persist, structurally challenged by a fragmented policy environment and uncertainty. In the United States, signs of weakening domestic demand have become more apparent,

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though US retail prices have been more benign than feared, partly a function of inventory and delay in transmission, but also the shipment of goods via other Asian countries.

The “silver lining” as we head into the second half of the year is that the global geopolitical situation has moved to a lower-intensity equilibrium, which reduces the supply-side tail risk on oil. The region’s economies remain resilient, and lower inflation is offering relief to households and businesses. While central banks in Asia continue to have the policy room to cut rates, easing is going to remain at a muted pace, largely a case of keeping dry powder given the vagaries of the US administration’s policies and the continued dampening of confidence and sentiment. The challenge for rates in Asia will likely be the continued term premium in global core rates due to fiscal profligacy in the United States, as this reduces the headroom for significant declines in yield given the yield differential. Asia local-currency rates, however, may remain supported by easing core inflation, dovish monetary policy, and ample domestic liquidity.

While US exceptionalism has reduced and concerns about US fiscal sustainability and supply remain, USTs at current levels could see some demand for diversification, even if they might no longer be the perfect ballast. Term premiums, however, are expected to remain elevated. Duration is an insufficient hedge against risk asset drawdowns. The fundamental challenge for the United States at such elevated real interest.

Source: Franklin Templeton

Franklin Templeton Western Asset Global Bond Trust

Investment and Market Review

Global government bond yields generally ended the month 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. A US-brokered ceasefire saw oil prices retrace lower. Government bond yields moderated in unison as concerns subsided that elevated oil prices could stoke inflation. The Federal Reserve (Fed) kept policy rates on hold at 4.25%-4.50%. The latest Summary of Economic Projections (SEP) indicated that the median Federal Open Market Committee (FOMC) member expects two 25-basis-point (bp) cuts by the end of 2025, and one further cut in 2026. May inflation data proved slightly weaker than expected. This, combined with a downward revision to 1Q25 gross domestic product (GDP), saw US Treasury (UST) yields fall and investors discount additional easing from the Fed. As of month end, markets expected 67 bps of policy rate cuts by year end, up from 55 bps at the beginning of the month.

The European Central Bank (ECB) cut its policy rates by 25 bps, taking the deposit facility rate to 2.00%. ECB President Christine Lagarde reiterated that the central bank was “in a good position” in the fight against inflation but did not indicate this would be the end of its rate-cutting cycle. One further 25-bp cut is discounted for December, to 1.75%. German Chancellor Friedrich Merz’s cabinet approved the German government’s 2025 fiscal budget. The plans include a €46 billion tax break package as well as a commitment to increase defence spending to 3.5% of GDP by 2029. The announcement was accompanied

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by an increase in expected debt issuance to €118.5 billion during 3Q25; €19 billion higher than the original forecast last December. This saw German bund yields rise and underperform their global counterparts. Country-level preliminary June inflation data across the eurozone was generally in line with expectations.

The Bank of England (BoE) kept Bank Rate at 4.25%, however, three members voted to reduce the policy rate, versus the two expected. This follows weak growth and labour market data released earlier in the month and as services inflation slowed more than expected, leading to investors discounting 22 bps of cuts at the next BoE policy meeting in August.

The Bank of Japan (BoJ) kept policy rates on hold but announced it would slow the reduction of its bond purchases. BoJ Governor Kazuo Ueda suggested that more progress was needed before inflation expectations were anchored at 2%. The Japan Ministry of Finance (MoF) announced it would reduce long-term Japanese government bond (JGB) debt issuance in favour of shorter maturities. This follows a sharp steepening of the local yield curve as the BoJ is reducing its bond purchases. This helped to contain the rise in long-dated JGBs. In Norway, the Norges Bank unexpectedly began its monetary easy cycle by cutting its policy rate by 25 bps to 4.25%, citing that inflation had slowed sufficiently to warrant gradual easing of monetary policy. Local Norwegian government bond yields fell, outperforming their core European counterparts.

The US and China agreed on details of a trade framework that would ease restrictions on US tech and on Chinese rare earth exports. Local emerging market (EM) government bond yields generally ended the month lower, following their US counterparts. The Mexican central bank eased monetary policy by 50 bps, but adjustments to its statement suggested that future cuts could be of a smaller magnitude. The Brazilian central bank hiked its policy rate by 25 bps and indicated that it expects to hold the rate steady while it monitors the full impact of its more restrictive policy.

Global corporate bond spreads narrowed in June. Sentiment was buoyed by easing geopolitical tensions in the Middle East, as well as some positive developments on trade talks in advance of the tariff pause ending. The US dollar weakened, driven by the easing of geopolitical tensions at the end of the month, an increase in the number of policy rate cuts expected from the Fed by year end, and the relative slowing of the US economy versus the rest of the world, particularly Europe. The Japanese yen also weakened as the BoJ looked to be more cautious in tightening monetary policy.

The overweight to UK and Norwegian duration added to returns. The overweight to local currency Mexican government bonds added to returns and the overweight to US agency mortgage-backed securities also added to returns. An overweight to the Polish zloty added to returns. This was offset by an underweight British pound exposure which detracted.

Market Outlook and Investment Strategy

During the month, the portfolio manager closed the overweight to Australian duration and reduced the overweight to core European duration.

US government policy has caused severe volatility in fixed-income markets over the last several months. Global growth is expected to slow given heightened unpredictability but should remain positive. US

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growth is downshifting due to a myriad of factors including tariff uncertainty, waning benefits from immigration and reduced government spending in recent years. A significant fiscal boost from European defence and German infrastructure spending should support eurozone growth and provide relief from tariff-related uncertainty. Deflationary pressures in China persist and confidence is weak amid property market concerns, but sentiment is improving with fiscal stimulus and policy easing. Overall monetary policy remains restrictive, and we believe that central banks will continue to cut rates. The Fed remains well positioned to provide support if the US economy falters. Public debt levels continue to rise and yield curves may steepen further given concerns over fiscal policies. 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 and the UK. While fundamentals remain positive, spreads are at the tight end of historical ranges in some sectors and warrant caution. We will continue to look for further periods of volatility to add to spread risk.

Source: Franklin Templeton

Fullerton Total Return Multi-Asset Advantage Fund

Investment and Market Review

Over the past 12 months, markets were shaped by a complex interplay of evolving trade policies, central bank policy divergence, strong corporate earnings, and persistent geopolitical tensions. In the second half of 2024, we witnessed the S&P 500's strong performance, driven largely by the "Magnificent 7" mega-cap tech stocks and a general theme of US exceptionalism. On the other hand, Europe and Asia lagged in comparison – Europe was marked by political uncertainty, particularly in Germany and France, leading to muted Eurozone equity gains, while the Bank of Japan's divergent monetary policy of hiking rates caused market turbulence. In late 2024 to early 2025, China took coordinated policy action to counter property market declines and deflation risks through rate cuts, developer support, and banking sector recapitalisation, which saw a sharp, albeit partial, rebound in Chinese stocks.

The first half of 2025 was marked by a volatile macroeconomic environment with global markets reacting to a mix of tariff policy shocks, evolving monetary policy, and divergent regional growth trends. In Q1, markets were shaken by renewed geopolitical tensions and the announcement of broad US trade tariffs. The Federal Reserve held rates steady amid inflation uncertainty, though Fed Chair Powell signalled openness to rate cuts as growth risks mounted. In contrast, Asian markets were mixed, with Chinese equities outperforming on policy support and AI-driven optimism. US equities lagged, especially tech and discretionary sectors, while bond yields declined and gold rallied on safe-haven demand.

Q2 began with continued volatility as markets digested President Trump's "Liberation Day" tariffs. However, sentiment improved significantly in May and June following the suspension of tariffs, which eased recession fears and spurred a global equity rally. US tech and AI stocks led the rebound, supported by strong earnings. European and UK equities rose as central banks initiated rate cuts, though concerns around inflation and debt sustainability lingered. Asia ex-Japan equities posted strong gains, particularly

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in Korea and Taiwan, though India lagged. Bond markets saw curve steepening amid growing fiscal concerns, and gold was supported early in the quarter before retreating.

At the close of June 2025, US economic data painted a mixed picture of moderate growth amid ongoing challenges. As widely expected by the market, the Federal Reserve kept rates steady at 4.25% to 4.50% during its June meeting, although the Fed is perceived to be more dovish post the meeting. Meanwhile, most other central banks also maintained their interest rates steady and continued to adopt a cautious data-driven approach, except for the European Central Bank which cut rates by 25 basis points, reflecting its easing monetary policy stance.

In Asia, inflation rates remained generally within central bank targets, and most economies were characterised by a transition from export-driven growth to a more domestically supported expansion, with resilient consumption and policy easing providing a buffer against the impact of tariffs and trade tensions dampening external demand. Substantial progress in US-China trade negotiations raised optimism for China's GDP growth, as ongoing trade uncertainties are balanced out by strong policy support and improving consumer confidence. However, Japan's economy faced challenges in surging inflation, driven by sharp increases in food prices, especially rice. Growth was modest with a cautious outlook amid slower export growth, while monetary policy remained accommodative.

The US Treasury yield curve steepened over the past year, with 10-year and 30-year yields ending June 2025 at 4.23% and 4.77% respectively. The US dollar index (DXY) exhibited a broad downtrend that began in early 2025, driven by longer-term uncertainties around trade policy and fiscal sustainability.

Overall, the past quarter was marked by Liberation Day tariffs and the Israel-Iran conflict, with volatile market reactions that ultimately stabilised as investors' risk appetite continued to improve and lend support to market resilience.

Market Outlook and Investment Strategy

Our baseline outlook is that corporate earnings can be resilient to guide markets higher – the futures market has priced in two 25 basis points rate cuts from the Federal Reserve by the end of 2025 to offset modest economic growth. With a weakening US dollar, global central banks now have the flexibility to adopt more accommodative policies which also give rise to interesting opportunities in European and Asian equities. Fundamentally, we expect that earnings in both developed markets and Asia are on track to achieve single-digit growth.

However, we are closely monitoring economic data and market signals, as well as other developments such as the new round of tariffs being announced by Trump. We are also conscious of Trump's "Big Beautiful Bill", which was legislated on 4 July 2025, and its implication on debt sustainability. Another longer-term theme that warrants our attention is that of dedollarisation, as major governments diversify away from US Treasuries due to loss of confidence in its safe-haven status. In this environment of optimism surrounded by policy and geopolitical uncertainty, we will continue to be selective in identifying winners and capturing regional and thematic opportunities as they arise, while paying close attention to tail-risk events. All in all, we believe that a diversified multi-asset approach and proactive risk management will help the portfolio navigate the volatile macro environment.

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Source: Fullerton

Fundsmith Equity Fund

Investment and Market Review

The T Class Accumulation shares in Euros fell -5.2% in the first six months of the year, 1.8 percentage points less than what is perhaps the most obvious comparator — the MSCI World Index (€ net). (Note we do not hedge currency exposure and so the main difference in performance between the different currency share classes is due to currency movements in the period. These currency movements also impact the performance of the comparator, MSCI World Index.)

Novo Nordisk alone accounted for all the underperformance during the period. Its ability to snatch defeat from the jaws of victory in respect of its leadership in weight loss drugs continues to be remarkable. Its inability to deal with the US legal and regulatory system's approach to its success would be interesting to observe from a safe distance. Novo is controlled by a foundation which we have seen as a strength in terms of its ability to make good long-term decisions. It has now fired its CEO. We wait with increasingly thin patience to see whom it appoints as replacement and what changes they bring. Another adverse factor affecting our Fund's performance has been the US Dollar. The majority of the companies we invest in are based in the United States, report in US Dollars and more importantly have the majority of their revenues in this currency. Therefore, the move in the Euro vs US Dollar exchange rate from \$1.04 at the beginning of the year to \$1.17 at the end of June (12% depreciation) has had a major effect. This can be seen in the fact that the US Dollar denominated share class (I Acc USD) was up by 6.8% in the first half of 2025. I doubt this performance by the Dollar relative to the Euro is a reflection of the strength of the Eurozone economy, and in fact the USD Trade Weighted Index has fallen by around 7.5%.

Market Outlook and Investment Strategy

During the period we began accumulating stakes in Zoetis, the animal health company, Intuit, the accounting software business and EssilorLuxottica the global eyewear manufacturer and we sold our positions in PepsiCo and Brown-Forman. As a result, our portfolio turnover in the first half was 8.9% and the voluntary dealing (dealing not caused by redemptions or subscriptions) cost €0.5m during the half year (0.006% or 0.6 of a basis point). The Ongoing Charges Figure for the T Class Accumulation shares was 1.08% and with the cost of all dealing added, the Total Cost of Investment was 1.10%. We continue to invest with the aim of long-term superior performance adjusted for risk and thank you for your continued support.

Source: Fundsmith

Goldman Sachs Emerging Markets CORE Equity Portfolio

Investment and Market Review

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The MSCI Emerging Markets Index (USD, NTR) gained 4.27% in the month of May 2025. Among related benchmarks, during the same period, the MSCI EM Asia Index (USD, NTR) gained 4.99%, the MSCI EM LatAm Index (USD, NTR) gained 1.59%, while the MSCI EM Europe and Middle East Index (USD, NTR) gained 0.1%. Among countries, on a relative basis, stocks in Taiwan and China contributed positively to benchmark returns, primarily driven by gains from Information Technology and Financials sectors. On the flip side, stocks in Thailand and Saudi Arabia contributed negatively to benchmark returns, primarily driven by challenged performance in Financials and Utilities sectors. In terms of size factor, Large caps underperformed Small caps moderately during the period under consideration, led by relative performance in Financials and Consumer Discretionary sectors, while in terms of style factors as well, Value remained flat with respect to growth.

The Goldman Sachs Emerging Markets CORE Equity Portfolio Class I Shares (Acc.) (Close) returned +4.17% during the period, underperforming its benchmark, MSCI Emerging Markets (Net Total Return, Unhedged, USD) (+4.27%), by 10 bps on a net basis. The Goldman Sachs Emerging Markets CORE Equity Portfolio Base Shares (Acc.) (Close) returned +4.11% during the period, underperforming its benchmark, MSCI Emerging Markets (Net Total Return, Unhedged, USD) (+4.27%), by 16 bps on a net basis. The top-down country selection detracted from relative performance while the bottom-up stock selection contributed positively to excess returns over the period.

Market Outlook and Investment Strategy

Among investment themes, signals within the Themes and Trends pillar were challenged during the period. Signals within High-Quality Business Models also hurt relative performance. Conversely, signals within the Fundamental Mispricings pillar contributed particularly strongly to relative returns followed by the suite of signals within Sentiment Analysis. The factors looking at economic linkages within the Themes and Trends pillar hurt relative performance the most. These factors use machine learning and natural language processing techniques to identify underlying connections between stocks that the broader market may not fully recognize. Moreover, within High-Quality Business Models, signals gauging financial quality detracted considerably during the period. On the other hand, within Fundamental Mispricings, relative valuation factors performed well. These signals focus on a company's current valuation relative to peers in the market. Meanwhile, signals gauging hedge fund short sentiment within the Sentiment Analysis pillar helped relative performance. Among sectors, holdings within the Materials sector detracted the most from relative performance, with an overweight position within the Chemicals industry being especially challenged. On the upside, holdings within the Financials sector contributed the most to excess returns, with an overall overweight position within the Banks industry contributing particularly strongly. At an individual stock level, an overweight position in Kingsoft Corp Ltd, held primarily due to views on Themes and Trends related factors did not do well. Conversely, an overweight position in SK Hynix Inc, held primarily due to views around Sentiment Analysis related factors, performed well. Among countries, the position in Taiwan detracted the most from relative performance. On the other hand, the positioning in Korea helped relative performance during the period.

Source: Goldman Sachs

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HSBC GIF Asia Bond

Investment and Market Review

The Asia credit market posted positive returns over the past twelve months. High-yield (HY) bonds gained during the period and outperformed investment-grade (IG) bonds. The US Treasury yield curve steepened as the 2-year Treasury yield dropped by 104 basis points, while the 10-year yield fell by only 23 basis points. Within the IG space, the top-performing sectors were China real estate, China consumer, and China industrial while Thai oil and gas, Thai utilities, and Malaysian consumer were the worst performers. On the HY side, the top performers were Sri Lankan quasi-sovereign bonds, China real estate, and Pakistan sovereign bonds, while the worst performers were China consumer, Maldives sovereign bonds and Hong Kong real estate. In particular, Sri Lanka's quasi-sovereign spreads tightened and strongly outperformed following completed Eurobond restructuring and sovereign rating upgrades. China real estate also recovered after the Chinese government announced fiscal stimulus and supportive measures to bolster the economy. On the other hand, idiosyncratic risks have resurfaced among Hong Kong credits, yet we view the spillover effects as largely contained.

Market Outlook and Investment Strategy

In recent months, we have seen geopolitical risk back on investors' radar. Meanwhile, tariff-related uncertainty has reduced – though not disappeared. Historically, Asia's credit market has shown greater resilience than most emerging markets during external shock-driven spread widening episodes, including recent events like Liberation Day volatility, the 2022 Russia-Ukraine War, and the 2018 Trade War. While Asia's credit spreads remain sensitive to US trade policy, geopolitical/economic trends, and global risk sentiment, we attribute its defensive strength to supportive central bank policies and robust fundamentals.

Asia's investment-grade segment continues to perform well, with robust credit profiles weathering recent market volatility. Asian IG has shown improvement in credit fundamentals, evidenced by consistent positive rating actions. Favorable supply-demand dynamics support Asia credit amid moderate issuance and accessible local funding. Strong demand from local investors further strengthens the market.

In terms of positioning, we reduced overweight in China's investment-grade bonds, particularly China TMT and tier-2 bank capital instruments, while adding to Hong Kong investment-grade corporates, Indian high-yield commodity issuers, and Malaysian corporates. The fund remains overweight in Hong Kong and Indonesian investment-grade corporates, Indonesian bank senior debt, and China high-yield industrials. Bank subordinated debt continues to appeal to us due to its relatively defensive nature and attractive yields. We have maintained a modest overweight in China and Hong Kong real estate sectors, focusing on higher-quality names. In terms of overall country exposure, India remains a key overweight position, supported by its robust economic rebound, financial sector stabilization, and upgraded sovereign rating outlook. On the other hand, we maintain underweight in Korea, as well as sovereign and quasi-sovereign bonds since they generally offer lower yields compared to other sectors. June portfolio allocations also included an Asian local currency bond fund. We held a slight duration overweight given lower Treasury yields and rate cut expectations, and we actively managed duration exposure through interest rate futures.

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Source: HSBC AM

HSBC GIF Asia Pacific ex Japan Equity High Dividend Investment and Market Review

The Asia Pacific ex Japan Equity High Dividend Equity Fund rose 14.69% (USD, gross) over the year as of Jun 30 2025, while its benchmark, MSCI AC Asia Pacific ex Japan Net rose 15.84% (USD, gross) over the same period. By geography, Singapore, Hong Kong SAR and mainland China were the best performing markets over the 1 year period driven by valuation expansions. Indonesia is the only lagging market with negative return across the period, primarily due to a prevailing sense of uncertainty rather than fundamental economic weaknesses. Investor sentiment remains cautious, impacting market performance despite the country's underlying economic potential. By sector Communication Services and Financials were the best performing sector while Energy and Materials were the worst performing sectors during the month.

Both sector allocation effect and security selection effect were negative during the period. India was the top contributor by geography driven by favorable security selection effect. Followed by Singapore as the second top contributor driven by favorable allocation effect (we were overweight). Mainland China was the biggest detractor driven by unfavorable security selection.

Financials was the top sector contributor driven by favorable security selection effect with our exposure in the India non-bank financials space. Materials was the second largest contributor driven by favorable allocation effect (we were underweight) and favorable security selection effect. Information Technology was the biggest sector detractor across the period driven by semiconductor cyclical correction in South Korea and Taiwan.

Market Outlook and Investment Strategy

While tariff policy uncertainty and the extent of the economic impact of elevated policy uncertainty are a headwind for Asian equity markets in the near term, it will be important for investors to watch how policy trends evolve as evident in the more constructive tariff backdrop since June:

- Valuation: 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 ourselves.
- Earnings: Focus on sectors and companies that generate most of their revenue in their home markets with disruptions from global trade shocks still in play. Markets such as India, Indonesia and Philippines are considered more domestically oriented markets. Korea and Taiwan on the other hand are more exposed to global demand.
- Policy support: Tariff pressures could open the door for more domestic policy support. For example, India's RBI continued to support liquidity in the system.

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The Asian high dividend strategy targets premium dividend yield and growth. We focus on companies with competitive business models resulting in strong balance sheets and the ability to generate free cash flow to reward shareholders through capital management (buybacks and/or dividends). The strategy is concentrated but maintains diversification through exposure to 3 buckets: (i) leading cyclical/value companies with scale/low-cost advantage, (ii) defensive companies preferably with catalysts, and (iii) net cash positive growth companies.

Source: HSBC Global Asset Management

HSBC GIF Global Lower Carbon Equity

Investment and Market Review

Global equities rose in the review period driven by strong performance in the third quarter of 2024 and the second quarter of 2025. Global equities performed strongly in Q3 2024 amidst expectations of future rate cuts. At a regional level, developed market equities continued to benefit from AI-related enthusiasm and outperformed emerging market equities in the review period. 2025, first quarter action in investment markets has been dominated by policy uncertainty, volatility, and a broadening-out of performance beyond the US. It was a quarter marked by sharp moves and rotations across asset classes. Global equities presented double-digit return in 2Q 2025, a notable recovery after the sharp drop following 'Liberation Day'. The more defensive high dividend indices showed resilience during the increased volatility.

Over the review period, the fund underperformed its market cap weighted index. Our overall exposure to Styles as well as our stock selection detracted from performance. Within Styles, our dynamic Industry Momentum factor finished as the best performing factor as it managed to pick up on the performing industries amid the elevated market volatility across major regions globally. Meanwhile, our exposure to Lower Carbon companies weighed on performance slightly. Finally, our exposures to Size, Quality, Low Risk and Value detracted from performance in the review period.

On a stock level basis, our overweight exposure to Banco Santander and Capital One Financial as well as our underweight allocation to UnitedHealth Group contributed to performance. Conversely, our underweight allocations to Broadcom, Tesla and Palantir Technologies weighed on performance.

Market Outlook and Investment Strategy

The Fund's investment strategy uses a systematic bottom-up multi-factor investment process, based on five factors (Value, Quality, Momentum, Low Risk and Size), with an aim to maximise the portfolio's risk-adjusted return. Over most of the review period (until 15th May) the strategy aimed to significantly lower carbon intensity and an enhanced ESG profile compared to the benchmark (MSCI World). From 16th of May onwards, the strategy aims to invest in the climate transition by investing in companies that are on a credible pathway towards Net Zero, and through green solutions. The fund continues to deliver a lower carbon intensity than its benchmark.

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As US exceptionalism fades, a regime of G-zero economics is emerging – characterised by a fragmentation of global leadership, along with supply shocks, constrained growth, and high and volatile inflation. Our base case is that tariffs settle close to current levels, but with high policy uncertainty risking a sharper downturn and elevated market volatility. US growth is “catching down” to other developed markets. Trade disruption is likely to have diverging effects on Asian economies while macro policies should support growth.

The strategy’s balanced exposure to factors should continue to help navigate the current macro environment and market conditions, and best serve long term outcomes. The consideration of both current carbon and forward-looking carbon metrics in the portfolio construction should also help investors with climate transition goals and mitigate climate risks in their portfolios in the long run, irrespective of current market scenarios.

Source: HSBC Global Asset Management

HSBC GIF Indian Equity

Investment and Market Review

The Indian Equity Fund rose 4.39% (USD, gross) over the year as of Jun 30 2025, while its benchmark, S&P India rose 1.85% (USD, gross) over the same period. The index return underperformed the rest of the geographies in Asia. Positive performance drivers include a de-escalation of India-Pakistan cross border tensions, supportive foreign institutional inflows, and a revival in macro momentum. However, 4Q24 earnings season remained tepid while the 90-day US China tariff truce benefited export-oriented countries more. Valuation (MSCI India) has recovered to 26.7x P/E (end June 2025) and is no longer cheap – however 4Q24 earnings season has concluded with over half of MSCI companies reported to have beat consensus amidst lowered expectations.

Security selection effect was positive, though this was partially detracted by sector allocation effect during the period. Financials was the top sector contributor driven by favorable security selection effect, our diverse exposure in the sector includes private sector banks, non-bank financial companies (exchanges, online insurance platform), as well as structural domestic plays in asset management companies with beta. Favorable stock selection effect in Industrials also contributed to the performance. However, unfavorable stock selection effect in Consumer Staples was the biggest detractor to the performance. Materials is the second biggest detractor to the performance driven by allocation effect.

Market Outlook and Investment Strategy

Earnings growth and improving ROE profile would be the primary driver to returns, and on this we the earnings cycle, which has been underway since 2H24, has been stabilizing (albeit with lower expectations). We expect earnings growth from FY26 driven by favourable base effect, a pick-up in government capex along with strong rural growth. We remain positive in the medium to long term structural growth story in

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India driven by themes such as favorable demographics and improving per capita income, supply chain diversification led manufacturing and capex boom, as well as already implemented reforms that are working through the economy. The improvement of the balance sheet strength of Indian corporates and the much-improved health of the banking system is another advantage.

The fund employs a well-defined bottom-up investment process to identify businesses capable of earning a return above their cost of capital over full business cycle and are available at reasonable valuations. The bottom-up analysis will entail evaluating companies based on durable competitive advantage, stable earnings, free cash flow generation potential and return on capital higher than cost of capital. Management quality, positive ESG factors and regulatory environment are also important considerations. Various valuation methods are used, and they depend upon nature of the business/sectors.

Source: HSBC Global Asset Management

HGIF - Global Short Duration Bond

Investment and Market Review

Over the year, the fund's value rose by 7.49%, outperforming the benchmark by 1.39% (gross).

Our overweight to credit contributed to performance over the year as credit spreads tightened overall even after accounting for widening in March and April. The positive impact from Asset Allocation and Security Selection was mainly driven by Securitised Credit and Corporate Financials.

Rates and Duration positioning contributed over the year, although it was a mixed period. Over the year, we saw global rates fall as markets discounted the prospect of slower global economic growth, but we also witnessed yields rising in response to upwardly revised inflation projections and fewer expected rate cuts for 2025.

FX detracted overall. In the first half of the period our short USD position contributed whilst our long EUR and KRW positions and our short CNY and JPY positions detracted. In the second half, the contribution from our defensive long JPY vs CAD and AUD only partially offset negative contributions elsewhere.

Market Outlook and Investment Strategy

The fund maintained a duration overweight position over the period, with overweights mainly in US, Euro and UK. We closed our overweight US duration, after strong performance in June. Smaller overweight duration positions included Brazil (local rates) earlier on. In the second half we added Canada and China local rates with the purpose of diversifying our rates exposure.

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Our overweight to credit was relatively unchanged in the first half of the period but started to reduce it towards the end of last year, as we became more defensive. In the second half of the period, we continued to reduce risk swapping bonds which performed well or with lower quality ratings into higher quality short duration opportunities with attractive yields. Given tight valuations, our overweight was biased to EUR versus USD credits, as they offered more attractive spreads. We are positioned to benefit from rate cuts by global central banks with a tilt towards European economies and remain moderately overweight in our credit positioning.

In FX, in the first half of the period we had long AUD vs NZD and long NOK vs SEK given divergences on Central Bank expectations (Swedish and New Zealand Central Banks more dovish), as well as valuations. We closed these early this year, and we moved our currency positioning toward a more risk-off scenario, and ahead of US reciprocal tariffs, by adding long JPY vs CAD and AUD and also long EUR vs SEK.

Source: HSBC Global Asset Management

HSBC Portfolios World Select 5

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and 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 next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

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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 remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

Invesco Asia Consumer Demand Fund

Investment and Market Review

The Invesco Asia Consumer Demand Fund Z-Acc (USD) returned 4.28% over the month, while the MSCI AC Asia ex Japan Index (Net Total Return) returned 6.06%. While the fund delivered positive performance, it did not rally as much as the reference benchmark. For instance, our holding in an Indonesian lifestyle retailer lagged. However, we remain confident in its mid-premium market positioning, which we believe is well-placed to benefit from rising income levels and has significant long-term growth potential. Meanwhile, some of our non-benchmark holdings made strong contributions and ranked among the top performers. Notably, our position in an online video gaming company within the communication services sector added significant value. Other top contributors include our non-benchmark holdings in a Chinese medical technology company.

Market Outlook and Investment Strategy

This thematic equity fund captures the increasing opportunities in domestic consumption in Asian economies tapping into the mega consumer trends such as: new Asia Consumers, Digital frontier and also Wellness. We adhere to the bottom-up investment process, focusing on companies with sustainable

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leadership and competitive advantages that we believe are trading at a discount to their fair values. Our sector positioning tilted towards consumer discretionary and staples, and selected internet names. During the month we have slight movement in our portfolio, including exiting an exposure in a Thai banking group, as well as a home improvement retailer company.

In the second half of 2025, we expect macroeconomic factors to remain the dominant force shaping Asia's markets, potentially outweighing domestic drivers in the near term. Any shifts in global trade policy or tariff structures could trigger unexpected market reactions. Given the current environment, we believe it is essential to closely monitor business sentiment and consumer confidence across the region. These indicators provide valuable insight into the pace of corporate investment and consumer spending as Asia adapts to evolving trade dynamics. A sustained recovery in business investment and resilient consumer demand would reinforce the region's growth outlook, while any deterioration may signal the need for further policy support. Monitoring these trends can help investors assess near-term economic momentum and the effectiveness of policy responses. We continue to see structural growth opportunities in areas such as artificial intelligence, innovation, digital infrastructure, and domestic consumption. In China, we believe both domestic consumption and AI adoption represent long-term trends, supported by favourable policies and the expanding application of AI technologies. In India, economic resilience and opportunity continue to stand out amid global uncertainty. The macroeconomic backdrop remains robust, underpinned by strong domestic demand, structural reforms, and a stable policy environment. These dynamics highlight two key structural investment themes: the Consumption Explosion, driven by a young and growing population, and the Manufacturing Renaissance, supported by government initiatives and private sector expansion. ASEAN is expected to maintain steady economic momentum in the near term, despite global headwinds. The region benefits from strong fundamentals, including accelerating urbanisation, a youthful population, rising domestic consumption, and stable employment trends—all of which support continued growth. Taiwan and South Korea play a pivotal role in the global AI value chain, with several leading companies at the forefront of innovation. We expect Taiwan, Korea, and China to benefit from their growing technical capabilities, contributing to greater efficiency and cost-effectiveness for businesses adopting AI solutions. Valuations across Asian equities remain attractive. Compared to developed markets, Asia trades at a meaningful discount. This valuation gap, combined with ample liquidity—particularly in a weaker US dollar environment—offers compelling entry points for long-term investors. With earnings growth expected to stabilise and macro risks increasingly priced in, we believe the current environment presents a favourable backdrop for selective exposure to Asia equities.

Source: Invesco

Invesco Emerging Market ex-China Fund Investment and Market Review

The Invesco Emerging Markets ex China Equity Fund delivered a positive return, slightly behind the benchmark index. Our low exposure position in India added value, as elevated oil prices intensified

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inflation concerns in the world's second-largest crude importer. However, this was partially offset by weaker performance from our high exposure in financials which weighed on overall portfolio returns. In ASEAN, the fund's exposure to Indonesia detracted from performance—particularly an Indonesian bank, due to weaker earnings. In the Middle East and Africa, being low exposure Saudi Arabia benefitted relative performance, as did our holding in an energy corporation, which has strong exposure to Africa and Latam. The company advanced alongside other energy stocks over the period. Meanwhile, South Korea performed strongly, with the election of presidential candidate Lee Jae-myung viewed positively in relation to the Value-Up theme. An online platform and a car parts company were among the top contributors over the period, however, overall stock selection detracted from relative performance. Although companies such as a technology company and an insurance company achieved solid gains, their returns lagged behind the broader market rally, with our low exposure position in the world's second-largest maker of memory chips and a leading supplier of semiconductors detracting. In Taiwan, a semiconductor manufacturing company led the market higher as chip orders accelerated amid trade uncertainty. However, holdings in a Taiwanese fabless semiconductor company, an international food conglomerate and a supplier of smartphone camera lenses underperformed, weighing on relative performance. In Latin America, a telecommunications company advanced on improved earnings and pricing power, though gains were partially offset by a financial services company and a brewing company. Other notable top performers in Brazil included a store clothing company and a copper producer which counterbalanced weakness from a beverage and retail company and a pharmaceutical and personal care products companies.

Market Outlook and Investment Strategy

South Korea and Brazil are the largest high exposure positions in the fund, while India, Saudi Arabia, and Taiwan are the largest low exposures, reflecting high valuations. In South Korea, improvements in corporate governance and dividend payouts are being underappreciated by the market, which has provided an opportunity to own operationally solid companies with good balance sheets, as well as an ability and desire to improve shareholder returns over time. In Brazil, our holdings are spread across energy, financial, consumer, and materials stocks. Broadly speaking, we believe that valuations remain attractive, below historic averages, and with high dividend yields on offer. The fund continues to have broad exposure to the EM consumer and dominant semiconductor companies in Taiwan and Korea. In terms of fund activity, we sold a Taiwanese footwear manufacturer as we felt that there were better opportunities offering more near-term upside. We added a South African mining company and the world's largest primary producer of platinum, accounting for roughly 38% of global annual supply. Formerly known as a South African mining company, the company was demerged from a British mining company and rebranded as a leading global mining company on 31 May 2025.

Emerging Market ex-China equities currently offer strong earnings growth, with reasonable valuation levels across much of the universe. However, the asset class continues to trade at a significant discount to global equities, particularly the US market. While we remain mindful of geopolitical risks and the uncertainty that may come with the Trump administration's pursuit of protectionist policies, EM corporates generally have healthy balance sheets and competitive advantages, which could make them more resilient than what is being implied in valuations. Moreover, if specific channels of global trade are

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forced to reconfigure away from China, other EM countries could benefit, which would likely see further growth in intra-EM trade.

Source: Invesco

Janus Henderson Fund - Continental European Fund

Investment and Market Review

European equities fell modestly in June in euro terms, although the currency's strengthening meant that the fund's benchmark index was positive in US dollar terms.

Equities came under pressure around mid-June as Israel attacked Iran, claiming Tehran was close to building a nuclear weapon, which prompted retaliatory strikes. Later in the month, the US also bombed Iranian nuclear facilities, although investors appeared unfazed as Israel and Iran agreed to a ceasefire. Oil prices briefly spiked, but quickly normalised as the two sides agreed to end their attacks. Sentiment towards equities was further buoyed by expectations of looser monetary policy in the US and progress in US/China trade talks.

Ongoing optimism about the European economy in the wake of recent fiscal spending plans in Germany and elsewhere added to the supportive backdrop. The eurozone's first-quarter economic growth was revised upwards to 0.6% from a previous estimate of 0.3%, helped by a rise in exports ahead of US trade tariff announcements. Less positively, anxiety about the lack of a trade deal with the US ahead of the deadline in July dampened investor sentiment at times.

The European Central Bank (ECB) lowered its key deposit rate by 25 basis points to 2.0% early in the month following news that eurozone consumer price index (CPI) inflation had eased below the central bank's 2.0% target. However, ECB President Christine Lagarde indicated that the monetary policy easing cycle could be nearing its end.

Portfolio review

Top positive contributors to relative fund performance in June included Dutch semiconductor equipment companies ASM International and BEI. Shares in the sector were lifted by growing optimism that the semiconductor cycle would rebound, driven by artificial intelligence (AI)-related chip demand.

Another positive contributor was Siemens Energy, a provider of equipment and services to the power industry. The shares continued to benefit from sustained favourable supply-demand dynamics in the gas turbine market, driven by increasing global energy demand.

By contrast, the holdings in defence-related companies Leonardo and Rheinmetall were among the biggest detractors from fund performance. The sector experienced some profit taking in June, following a period of exceptional performance fuelled by anticipated increases in defence spending. These share price falls came despite news that NATO members had agreed to spend 5% of GDP on defence and security by 2035.

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Shares in France-based global food and beverage firm Danone also underperformed in what was a weaker month for more defensive areas of the market as investors' appetite for risk generally improved.

In terms of trading activity, we established a position in Infineon, which produces semiconductors for cyclical industries. We have recently become more positive about the semiconductor cycle, where in our view the recent weakness was more of pause in the upwards trend than the onset of a downturn. We believe Infineon is well-placed to benefit from the growing demand for power chips, fuelled by the growth of data centres and generative AI.

We also opened a position in Heidelberg, as we wanted to diversify the fund's construction exposure. The firm has a diversified global footprint, with operations in Europe, the US and emerging markets. With interest rates in Europe at more palatable levels for consumers and businesses, we hold a positive view on the outlook for the region's construction sector. In particular, Heidelberg has a large presence in Germany and we think it is well-positioned to benefit from the country's upcoming increase in infrastructure spending.

For similar reasons, we added a new position in Legrand, the global specialist in electrical and digital building infrastructure. The France-based firm could also benefit from the improved outlook for Europe's construction sector, as well as rising demand for data centre products.

Turning to sales, we exited the position in diversified building materials group CRH to fund the purchase of Heidelberg. We like CRH but wanted to reduce the fund's position in the US construction sector. Similarly, we sold Nestlé to fund opportunities elsewhere, and also amid some concerns about its organic growth algorithm.

Market Outlook and Investment Strategy

Despite the recent rise in geopolitical tensions, we remain positive about the outlook for European equities. The asset class has delivered strong gains so far this year, outperforming US equities. The question now is whether this can translate into something more meaningful and longer-lasting. European equities have continued to trade close to record discounts compared to US equities, while international investors remain underexposed. We believe these factors should provide a margin of safety during periods of macroeconomic volatility.

Furthermore, we think a combination of positive economic and market trends should provide a more benign environment for European economies than we have seen in recent years. Germany's announcement of €1 trillion in infrastructure and defence spending - effectively overriding its self-imposed debt break - is an encouraging sign of renewed commitment to tackling some of Europe's most pressing issues. More time is undoubtedly needed for true structural reforms to enhance Europe's competitiveness, but initiatives in multiple areas - such as easing financial regulation, the capital markets union, and the reduction of general bureaucracy - are already underway.

Against this backdrop, we are positive about European stocks, although this view is certainly not without near-term risks. The impending deadline for the EU-US trade talks on 9 July remains the key event in the

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near term. However, the announced tariffs on Europe are largely manageable for most companies in our view - with some exceptions such as those with large production footprints in South-East Asia.

Meanwhile, US economic data has recently been more mixed, while the full impact of uncertainty around US import tariffs hangs over the global economy. We continue to closely monitor the indirect impact of the announced tariff measures on the global economy, and hence European companies. Although these factors add a degree of uncertainty, we are optimistic that European equities can continue to perform.

We maintain a balanced portfolio with a mixture of both cyclical and defensive stocks.

Source: Janus Henderson

Janus Henderson Horizon Fund - Japan Opportunities Fund

Investment and Market Review

Investment environment

During the quarter, the fund's benchmark TOPIX index rose as the deadline for tariff negotiations was extended, providing hope that the tariffs might be set lower than originally announced. High-quality stocks with strong pricing power in both domestic and international markets gained, while commodity-type export businesses struggled.

Continued strong interest from global equity investors also boosted the market. The rally towards the end of June, which was underpinned by the Middle East truce, put the TOPIX within touching distance of its record high.

The Bank of Japan (BoJ) left interest rates unchanged during the quarter. Japan's GDP shrank by an annualised 0.2% in the first quarter, which compared with 2.4% expansion in the previous quarter.

Annual core inflation, which excludes fresh food prices, accelerated to a more than two-year high of 3.7% in May from 3.5% in the previous month, marking the third consecutive month that it had picked up.

Against this backdrop, the yen strengthened against the US dollar. This was largely due to expectations that the BoJ would continue to tighten borrowing conditions as the real interest rate is still negative, and the currency is considered to be undervalued.

Most sector registered a positive return over the quarter. Communications services and information technology sectors outperformed, while energy and healthcare lagged.

Portfolio review

Leading positive contributors were NOF and Shimizu. Specialty chemical manufacturer NOF announced a strong business plan and a new share buyback programme in May to further increase shareholder returns. Construction firm Shimizu also announced a similar programme. Shimizu also provided higher-than-expected full-year guidance as it was able to increase its profit margins.

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Leading detractors were Daiichi Sankyo and Dai-ichi Life. Shares in pharmaceutical firm Daiichi Sankyo fell over broader concerns over US drug pricing reforms, which might include lowering the cost of prescription drugs. Despite a strong guidance, insurer Dai-ichi Life fell along with other financial stocks due to the high market volatility caused by the trade tariff issue.

During the quarter, we initiated a new position in a content creator and publisher Kadokawa and exited the position in carmaker Subaru.

Market Outlook and Investment Strategy

Looking ahead, we maintain a cautiously optimistic outlook. Market volatility is likely to remain high due to the unpredictable nature of President Trump's policies. The implications for Japan's export sector are complex, but we note that Japanese companies have spent the past three decades localising operations in the US and diversifying globally to reduce reliance on any single market. US now account for only around 20% of Japan's total exports. While individual companies with high US exposure may face challenges, we believe the broader economic impact will be manageable.

More importantly, we believe that making investment decisions based on potential political situations is a risk not worth taking due to the unknown and evolving outcomes and news. Instead, our focus remains on identifying businesses with sustainable competitive advantages and pricing power. Companies with strong products may be able to offset tariff costs through higher prices and even gain market share.

The long-term structural outlook for Japan remains compelling. Valuations are attractive, with market P/E ratios in the low to mid-teens, and corporate fundamentals are strong. Wage growth is catching up with inflation, which bodes well for domestic demand. The Bank of Japan is expected to continue gradually normalising policy toward neutral interest rate levels.

Corporate governance reform continues to be a powerful theme. In the fiscal year ending March 2025, Japanese companies executed record levels of share buybacks, exceeding ¥18 trillion. These actions supported share prices and underscored management's commitment to improving corporate governance. We expect these reforms to remain a key driver of market performance into 2025. Following the surge in share buybacks, we also anticipate a shift toward higher dividend payouts, with significant room for payout ratios to rise. This trend should attract income-focused investors and provide further support for valuations.

We remain confident in our portfolio holdings and continue to believe that stock selection will be the key driver of long-term performance.

Source: Janus Henderson

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Janus Henderson Horizon Fund - Pan European Absolute Return Fund

Investment and Market Review

Allow us to address the elephant in the room straight away. As we type these lines, the European Union is awaiting its imminent tariff letter from the US. The deadline for further negotiations has once again been pushed out to 1 August. So far, the US has precious little to show for all the trade negotiations that took place - not just with the EU but all major trading partners around the globe - since its 'Liberation Day'. In our view, the absence of any tangible agreement, with the exception of a letter of intent with the UK, increases the likelihood that a mutually agreeable deal with the EU will be struck.

We also note that European rhetoric and action against China, and retaliatory signalling and actions by China, have clearly increased in these recent months. We interpret this to be a sign of European alignment with US trade policy on what surely has been the most negatively lopsided trade relationship for both.

But as we have written repeatedly over the last few months, we believe this whole topic will remain fluid and noisy for some time to come. It will likely continue to make markets volatile, although perhaps less so than in April given increasing desensitisation to the news rollercoaster and increasing investor reluctance to chase new headlines with stock trades.

A pressing question for us is why the market has been switching around its favourites at the time of writing. In our view, it is a confluence of the alignment of a number of positive factors such as: 1. A decent US-EU trade deal seeming more likely than not. 2. Abating geopolitical risks, such as the conflict between Iran and Israel and the subsequent rise in the oil price. 3. The US Federal Reserve now seeming more dovish, and the replacement for Chair Powell coming clearly into view with the prospects of much more accommodative monetary policy. 4. Progressing de-regulation in Europe and the US. 5. Global financial conditions being already reasonably accommodative, and prospects for an economic rebound in the second half of 2025 (and into 2026), which we think should gather steam should the Fed cut interest rates. 6. Fiscal stimulus getting bigger, evidenced by the German infrastructure and defence packages, the US "Big Beautiful Bill" and China's fiscal stimulus measures. 7. German industry launching its own 3-year, €300 billion private investment commitment for domestic manufacturing (led by Siemens and Deutsche Bank) and backed by a planned tax relief package from the German government (a key date is the 21 July German Investment Summit in the Chancellery).

Thus, after a period of sideways consolidation, yield curves are steepening again across the Western world. This was also furthered by the drama unfolding in the UK around promised welfare spending cuts being voted down in parliament and risking the next budgetary crisis.

This all leads to our next question, which is do we expect the market rotation to last? Our short answer is, we believe so. It is often in these bullish market phases where fiscal and monetary (and potentially external) events align that leadership of stocks, sectors, and stocks within sectors, changes. Stocks priced for perma-recession or long-term poor sector prospects often experience the greatest rate of change - for example, they suddenly get reappraised from being "left for dead" to "still alive to survive" another cycle. These quite bullish market phases have regularly tended to be led by financial services, banks, consumer discretionary and basic materials stocks. Underperformers in these periods have frequently included

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technology, real estate, consumer staples and healthcare stocks. Within these sectors, it is often the more cyclical, lower-quality stocks trading at lower valuations that have tended to perform better in these market phases. Market breadth has also typically widened - i.e. instead of a narrow leadership group, many stocks have participated in a broad-based bull market. The market statistics that we track seemingly tell us the present set-up is still quite vulnerable, meaning the 'pain trade' for the market remains one of further rotation.

After a mild drawdown in June, the fund suffered for the first week of July before bouncing back strongly. During this time, we reacted to the shifting market environment by making a number of changes. We reduced the fund's exposure to the momentum style by jettisoning some year-to-date big winner stocks - for example, in the areas of banks and defence. We also added new long positions in areas such as automotive original equipment manufacturers (OEMs), hotels, mining, pulp, paper and packaging, and asset gatherers (from the consumer discretionary, basic materials sectors and financial services sectors). On the short side of the book, we exited some crowded short positions and entered new idiosyncratic ideas that feel less commonly travelled.

Market Outlook and Investment Strategy

The final question we must ask is whether our portfolio changes are enough. For now, we believe so given the much improved behaviour of the portfolio during the week that we write this. The changes we have made to overall sector exposures, but within the sectors, have resulted in an overall tilt towards what we see as more attractively priced, somewhat more cyclical stocks at the more value-end of the spectrum (on a net exposure basis). Should the market prove us wrong, not least on the above-mentioned noise around trade tariffs, we are ready to act very quickly and cut gross exposure quite radically. This would be in keeping with our investment DNA of humbleness and retrenching should the overall book not work, until we have found a formula that rewards us for deploying capital again.

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Source: Janus Henderson

JPMorgan Global Income Fund

Investment and Market Review

Over the month, we maintained our overall equity allocation. However, we added to our existing JPM Nasdaq Equity Premium Income ETF (JEPQ) allocation. The trade was funded by increasing our exposure to S&P shorts and reducing Nasdaq long futures.

The equity portion of the portfolio contributed to overall performance. Our allocation to global equities contributed the most on the back of the improving economic outlook. Looking beyond the near term, we believe growth should start to accelerate. Fed policy easing is on the horizon, and policy uncertainty should be in the rear-view mirror. Our allocation to US equities (via Nasdaq futures and physical holdings) contributed. The combination of the tax and fiscal bill passing and tariffs potentially nearing an endgame boosted business confidence. The emerging market equities allocation also contributed as China's renewed sentiment and a weaker dollar boosted valuations. Elsewhere, our European equities allocation also contributed to overall performance.

Within credit, our allocation to US high yield contributed. It's worth noting that over last three months, US high yield was the top performing regional sector, supported by higher all-in yields and a stronger recovery in spreads following the April sell-off.

Our duration positioning, expressed via US Treasuries futures, contributed. We believe that the near-term catalysts for a move lower in rates appear absent, with the Fed signalling a patient approach to cutting rates given the risks to both unemployment and inflation.

Our allocations to emerging market debt and non-agency securitised also contributed. Within hybrids, our allocation to preferred equity also contributed marginally

Market Outlook and Investment Strategy

While the economic landscape presents near-term challenges, we believe the US economy remains resilient. Data coming out of the US is expected to remain volatile as the impacts of immigration reforms and tariffs begin to materialise, and we expect US growth will be slightly below trend in 2025.

Looser financial conditions are an upside risk for growth outside of the US and may serve to narrow the US versus Rest of the World growth gap in 2026.

We maintain a neutral view on equities, with overweight to credit and duration. We continue to hold a cautious stance on duration and see opportunity in credit, particularly US high yield. Although spreads are narrow compared to historic levels, fundamentals and technicals remain supportive and all-in yields are attractive

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Source: JPMorgan Asset Management

JPMorgan Greater China Fund

Investment and Market Review

Navigating a complex geopolitical landscape and persistent trade tensions, markets in the Greater China region contributed over the month. MSCI Golden Dragon was led by equities in Taiwan and Hong Kong. The month began with cautious optimism as US-China trade negotiators reached a provisional rare earth agreement during their London talks. China accelerated exports of critical magnets, particularly for the automotive and defense sectors, in exchange for eased US restrictions on ethane and chip design software. In the Mainland, this de-escalation reduced near-term pressure for domestic stimulus, though June's manufacturing PMI remained contractionary at 49.7, albeit improving for the second consecutive month, led by new export orders helped by front-loading ahead of the tariff pause expiry. Amidst the volatility in the Middle East, markets demonstrated resilience with indices fully recovering as oil prices stabilized and shipping lanes remained open. In Taiwan, the market contributed, fueled by momentum in the technology sector on the back of strong AI demand narratives and continued Taiwan dollar appreciation. Hong Kong equities continued their upward momentum driven by optimism surrounding US-China trade negotiations.

Concurrently, China stepped up its 'anti-involution' campaign under presidential directive, expanding scrutiny to curb irrational competition in sectors like auto, solar, and commodities. Regulators mandated supply rationalization and reductions in subsidy wars, enforcing a shift toward 'highquality development'. Additionally, the month witnessed increased competition among internet platforms, with new entrants such as JD.com, challenging incumbents in the OTA (online travel agency) and instant delivery segments. This triggered some contributions divergence within sectors.

Sector allocation detracted, as stock selection remained broadly flat. The overweight position in consumer discretionary and stock selection in industrials and healthcare were the key detractors. Consumer names such as Meituan and Trip.com detracted on concerns around competition from the entry of JD.com in their respective segments, as mentioned above. Within industrials, XCMG, Zhuzhou CRRC Times and Airtac detracted due to concerns around delayed domestic stimulus. Jiangsu Hengrui detracted as the stock detracted during the biotech rally. Technology hardware names such as Elite Material, Aspeed and MPI contributed due to strong AI server and ASIC demand. The contribution from these names offset the detraction from the structural underweight in TSMC. Not owning a Chinese EV company contributed as the stock corrected due to regulatory scrutiny on aggressive price cuts. Xiaomi contributed on the successful launch of its new EV (YU7). Kingdee contributed in the absence of any company-specific news.

In terms of portfolio activity, we initiated a position in a technology name involved in advanced packaging, funded by taking profits in some other technology names. We added to a power equipment name due to secular growth opportunities in the sector. We also added to an internet name given its attractive valuation.

Market Outlook and Investment Strategy

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In the Mainland, the outlook from here is likely to hinge on US-China tariff talks and domestic policy agility. We continue to believe that, in pursuit of its 2025 GDP target, China will remain reactive to external events. For now, given the temporary de-escalation of the tariff war, Beijing is likely to rely on existing measures, with limited new stimulus for consumption. In the meantime, some irrational industry competition, marked by aggressive price cuts and consumer subsidies, has drawn regulatory scrutiny. The authorities have urged more rational competitive behaviour and a shift toward 'high-quality development', which we believe should create opportunities. We maintain our focus on technology names, given the use cases for AI post-DeepSeek and also the drive for technology self-sufficiency in China. We continue to hold contrarian China consumption names, for example in areas which may see moderating industry competition.

In Taiwan the focus remains on the technology sector, with potential opportunities arising from changes in China's stimulus strategy. In Hong Kong, in the short term, the market is likely to remain range-bound, given the recent rally and technical rebound in HIBOR as the HKD tests the weaker end of its USD peg. US trade negotiations will be closely monitored as investors remain optimistic given the progress thus far, while liquidity conditions have been supportive for valuations, especially with the expectation of further Fed rate cuts in the second half of 2025.

Source: JPMorgan Asset Management

JPMorgan India Fund

Investment and Market Review

Indian equity markets rose higher in June but underperformed MSCI Asia Pacific ex Japan and EM indices. The rise was driven by the outsized rate cut by the RBI, de-escalation of tensions between Iran and Israel, cooling of oil prices end-June and INR ending June with a modest appreciation. However, further upside was capped on concerns over the growth outlook and high valuations. RBI cut repo rates by 50bps while changing the stance from accommodative to neutral. It also cut the cash reserve ratio, thereby injecting liquidity into the system. Macro indicators were mixed – May CPI reported its lowest print since February 2019 while the composite PMI in June rose to a 14-month high. However, May IP slowed versus April. Foreign investors inflows in June were the highest since September 2024, while domestic institutional investor inflow remained strong. All sectors closed in the green barring Consumer Staples.

The portfolio performed in line with the benchmark for the month. Stock selection in Financials and lack of exposure to Utilities contributed positively. This was partially offset by stock selection in Consumer Discretionary and Consumer Staples. Stock selection in Financials added to returns primarily led by the outsized rate cut and liquidity injection by the RBI, leading to an uplift in equity markets. With the recent cut, cumulative rate cuts since February 2025 stands at 100bps. The positive sentiment in the equity markets helped market proxies, benefitting the exposure to Multi Commodity Exchange and HDFC Asset Management. Additionally, lack of exposure to Utilities, specifically, NTPC and Gail India, helped performance.

On the other hand, stock selection in Consumer Discretionary detracted from performance, primarily led

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by automobile stocks. Specifically, overweight exposure to Tata Motors and Bajaj Auto hurt performance. While the former continues to bear the brunt of tariff uncertainty, which could impact margins, and headwinds in the China market as demand for premium cars continues to fall, the latter reported weak 2W and 3W volumes, much lower than peers. This was partially offset by the overweight exposure to Mahindra & Mahindra, which continued to outperform post strong quarterly results. Further, stock selection in Consumer Staples hurt performance, primarily led by the overweight exposure to alcoholic beverages company, United Spirits, and Colgate Palmolive. Both companies have cited weak demand due to high consumer inflation; however, recent improvement in headline inflation should provide a breather.

In terms of trading activity, the portfolio sold out of one of its positions in financials after the recent rally led to a reduction in the expected return of the stock and, in lieu, added to another existing name in the same sector

Market Outlook and Investment Strategy

India's economy faces growing complexity, prompting the central bank to adopt supportive policies as it realigns with trend growth, yet long-term structural opportunities remain intact. India's economic landscape is navigating a period of increasing complexity, with the central bank stepping in with a more supportive monetary policy to mitigate emerging challenges. The economy, which had been expanding above its trend rate, is now realigning with this trajectory, with potential for temporary dips below trend in the upcoming quarters. That said, the macroeconomic environment is showing signs of balance and potential recovery led by tight fiscal management, upfronting of government capex and low inflation. Rural consumption is seeing a clear sign of revival but urban consumption still remains tepid.

After the recent rally from March, overall market valuations are back to elevated levels. While earnings forecasts are optimistic, the downgrade cycle is potentially coming to an end. Tariff-related risks add another layer of complexity, particularly affecting IT services due to the corporate sentiment in the US as well as automotive sectors, though opportunities might emerge once India negotiates a Free Trade Agreement with the US. Additionally, opportunities are selectively emerging across consumption as the government tries to revive growth. The period should present opportunities and we remain vigilant in seeking them.

Source: JPMorgan Asset Management

Mirae Asset ESG Asia Great Consumer Equity Fund

Investment and Market Review

The MSCI All Country Asia Ex-Japan Index increased by 14.79% (in USD terms) during the first half of 2025. Relative to the rest of the regions, Korea and Hong Kong were the top performers, while Thailand and Indonesia were the main underperformers. Sector-wise, Communication Services and Industrials were the top performers, while Utilities and Consumer Staples were the primary laggards.

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China equities were up 17.46% (in USD terms) in the first half of 2025. China market's momentum had been positive since late January thanks to AI capex expansion drive and upbeat economic activities, reversed in mid-March, triggered by tariff-related uncertainties. In March, China issued a series of policies to boost domestic consumption during the Two Sessions. In 2Q25, China remained range-bound between some relief from external tariff headwinds and internal pressure from weak demand and fierce competition. Notably, retail sales grew 6.4% y/y in May, the fastest pace since December 2023, driven by the consumer goods trade-in programs and earlier start of 618 promotion.

India equities were up 6.55% (in USD terms) in the first half of 2025. India market declined in the beginning of the year due to Foreign Institutional Investors selling, subdued corporate earnings, uncertainty around tariffs under Trump 2.0 and domestic growth concerns. However, India equities started to recover in 2Q25, driven by the pick-up in economic momentum, relentless Foreign Institutional Investors buying, and Reserve Bank of India's proactive approach to banking system liquidity, etc. The Reserve Bank of India cut repo rates by three times in the first half of 2025, bring it down to 5.5% in June.

Korean equities were up 39.69% (in USD terms) in the first half of 2025, which showed it was gradually recovering from previous lows, and upward Forward Twelve Months EPS revisions have been expanding across more sectors. In May, the Bank of Korea cut the policy rate to 2.5% and lowered its 2025 growth forecast to 0.8%.

Taiwan equities were up 10.43% (in USD terms) in the first half of 2025. Taiwan remained strong trade and industrial production. Going through 1Q25, export orders showed a significant upturn in the first two months, followed by a moderation in March. Taiwan's export orders grew 18.5% y/y in May, stabilizing after April's surge. Despite experiencing continuous foreign equity outflows for four consecutive months in the beginning of 2025, Taiwan saw upward Forward Twelve Months EPS revisions in 2Q25.

The ASEAN markets' performances recovered in the first half of 2025. Thailand, Indonesia, Malaysia, and the Philippines returned -13.09%, -3.18%, +0.29% and +5.20% (in USD terms) respectively. Malaysia advance GDP estimates showed growth of 4.4% y/y in 1Q25. Singapore's GDP grew 3.8% y/y in 1Q25. Indonesia's 1Q25 GDP growth was stable, at 5% y/y. Bank of Thailand lowered the policy rate by 25bps, from 2.25% to 2.0% in February. Bank Indonesia cut rates by 25 bps to 5.5% during its May 2025 policy meeting.

The portfolio returned 4.91% (in USD terms) for the reporting period, underperforming the benchmark by 988bps.

India and China were the primary detractors, with a total effect of -3.59% and -2.95% (in USD terms) respectively, mainly attributed to the negative effects. Meanwhile, Korea and Thailand were the leading contributors, with a total effect of 1.42% and 0.41% (in USD terms), mainly driven by the positive selection effect in Korea, and the positive allocation effect in Thailand.

By sector, Consumer Discretionary and Financials were the primary detractors, with a total effect of -7.27% and -1.85% (in USD terms), mainly attributed to the negative selection effect. Meanwhile, Consumer Staples and Communication Services were the primary contributors, with a total effect of 2.98% and 0.39% (in USD terms) respectively, mainly driven by the positive selection effect.

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Market Outlook and Investment Strategy

Global equity markets continued to perform positively in June, primarily driven by major technology and AI stocks in the US. Investor concerns regarding uncertainties related to the Trump administration's policies appeared to diminish due to developments in several areas. Negotiations between the US and China made some progress. The demand for US treasury bonds driven by stablecoins is expected to help secure financing amidst rising debt issuances. The outcome of US' intervention in the Iran-Israel conflict also seemed to lend credibility to Trump's approach in managing complex issues. Furthermore, the emergence of sovereign demand for AI technologies from the Middle East, along with higher-than-expected demand for inference GPUs, has boosted AI-related stocks in the US.

However, the beginning of the second half is anticipated to be more volatile. While the June job report in the US indicates resilience, it is important to note that job gains were primarily concentrated in state and local government sectors, with private sector job growth slowing. Investors are closely monitoring whether the inflationary impact from universal tariff will materialize this summer, as this could influence the timing of Fed rate cuts. Given the recent sharp rebound of the US market to record high levels, we expect investors to adopt a more cautious approach until uncertainties regarding tariffs and central bank policies are clarified. In Asia, we continue to favour sectors driven by local demand over those reliant on exports.

China market exhibited a range-bound movement in June. Although expectations for an aggressive stimulus plan was pushed back, China's bargaining power in negotiations was stronger than anticipated, as demonstrated by rare earth restrictions. Additionally, robust retail sales growth and better-than-expected manufacturing data from May provided support to the market. While China GDP growth for the second quarter is anticipated to be stronger, concerns about the second half remain. The market consensus for overall GDP growth in 2025 is approximately 4.55%, which falls short of the government's target of around 5%. As 2025 marks the final year of China's 14th five-year plan, the government is likely to adopt a more flexible stimulus approach to achieve solid growth figures, depending on the outcomes of negotiations with the US. We maintain a positive outlook on high-quality companies that are poised to benefit from government initiatives aimed at enhancing domestic circulation, particularly within the technology and consumer sectors. We continue to maintain overweight positions in companies whose managements are innovative and consistently creates new value for consumers through new technologies. The auto sector will face challenges one or two more quarters, but we believe this is part of the industry's restructuring process. This presents good buying opportunities for companies that are poised to gain higher market share in the aftermath.

Similarly, in India, we are focusing more on domestically oriented companies rather than those exposed to external demand. While the market is expected to experience increased volatility in the near term due to tariff uncertainties, we believe this will present favourable buying opportunities for companies that are poised to lead the recovery in domestic consumption and investment. Given the benign inflation trend, aggressive policies from the RBI, and positive momentum in the monsoon, we anticipate a gradual recovery in the earnings of these companies starting in the second quarter of FY26.

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Korea market surged following the election of a new president in early June. The new government has demonstrated faster and stronger execution of pending policies, such as the reform of commercial law, which is critical to the value-up program. Their new policy for the property market is beginning to have a material impact on the physical property sector, and the president's approval ratings have increased since his election. Investor expectations that capital will shift from unproductive areas to more productive and innovative industries further support the equity market. If this shift materializes, the current market appears to have upside potential in both earnings estimates and valuations. Like other countries, it may experience market volatility due to tariff negotiations, but this will present good buying opportunities for companies led by capable management with a strong track record in both domestic and overseas markets.

Source: Mirae

Natixis Loomis Sayles Multisector Income Fund

Investment and Market Review

- The Fund outperformed its Reference Index.
- On average, overall portfolio duration was shorter than the reference index, which helped performance as the curve steepened.
- Exposure to non-US dollar was positive particularly South African Rand, British Pound Sterling and Turkish Lira.
- The allocation to high yield corporate credit contributed. Within the sector, finance companies contributed.
- Security selection in convertible securities were contributors as higher-conviction communications and cruise line issuers were positive. • Exposure to equity securities slightly detracted, particularly healthcare

Most segments of the bond market produced positive total returns in the second quarter, albeit with elevated volatility. The first week of April brought significant disruptions across the financial markets, as President Donald Trump's "Liberation Day" trade plan levied tariffs well in excess of what investors had been anticipating. Risk assets initially plunged on expectations that the protectionist policy shift would lead to rising inflation and slower economic growth. The downturn proved short-lived, however, as President Trump responded to market turmoil by enacting a 90-day pause on new tariffs within a week of the initial announcement. The markets quickly stabilized following the pivot, and volatility subsided over the remainder of the period as investors returned their attention to the backdrop of steady growth and slowing inflation. The fixed-income market further benefited from an emerging consensus that the US Federal Reserve was poised to begin resume cutting interest rates in the second half of the year. Credit-oriented market segments performed well in this environment and generally outpaced government debt. Most segments of the US Treasury market posted positive total returns in the second quarter. Yields, after falling sharply in the first week of April due to uncertainty surrounding trade policy, reversed course and turned higher through mid-May amid renewed optimism about the economic outlook. (Prices and yields

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move in opposite directions.) Yields then began to trend lower thanks to the combination of weaker-than-expected economic data and growing expectations that the US Federal Reserve would begin to ease policy in the latter half of the year. Five- and 10-year issues delivered the best performance, but rising yields on the long end of the curve resulted in negative total returns for 30-year bonds. After an initial downturn caused by worries about the potential impact of tariffs, investment-grade corporate bonds recovered to post gains for the second quarter. The positive total return was driven by the combination of falling US Treasury yields, a contraction in yield spreads, and income return. While all major segments of the corporate bond market gained ground, the best returns came from lower-rated debt, bonds with maturities in the five- to 10-year range, and more economically sensitive issuers. High-yield bonds delivered robust total returns and outperformed the investment-grade category in the second quarter. After an initial sell-off caused by concerns about the potential impact of rising U.S. tariffs, high yield staged a strong recovery over the remainder of the period thanks to the combination of falling US Treasury yields and a decline in yield spreads. Intermediate-term issues (those with five to 10-year maturities) outpaced the broader category. Lower-rated securities outperformed their higher-rated counterparts, primarily as a result of elevated investor risk appetite late in the quarter. Agency mortgage-backed securities (AMBS) registered positive total returns in the second quarter. Higher-coupon issues outperformed durationequivalent US Treasuries, while lower-coupon securities underperformed. (Duration is a measure of interest rate sensitivity.) Securitized debt generally outpaced Treasuries, albeit with some pockets of underperformance for certain subsectors. Asset-backed securities (ABS), non-agency residential mortgage-backed securities (NARMBS), commercial mortgage-backed securities (CMBS), and collateralized loan obligations (CLOs) all provided positive returns. The international bond markets generally performed well in the second quarter thanks to the backdrop of modest global growth, falling inflation, and expectations for accommodative policy from most major central banks. Emerging-market issues gained ground and outpaced the US market, reflecting investors' effort to add portfolio risk as concerns about US tariffs faded. Returns were particularly strong when currency translation was incorporated due to the pronounced strength in foreign currencies against the dollar.

Market Outlook and Investment Strategy

The second quarter of 2025 saw a significant increase in financial market volatility, marked by an escalation in the global trade war, uncertainty in US fiscal policy and intensifying geopolitical risk in the Middle East. Risk assets sold off aggressively to start the quarter as President Donald Trump announced widespread reciprocal tariffs on April 2nd (aptly named "Liberation Day"), disrupting global trade and triggering uncertainty in growth and inflation expectations. As yields surged and liquidity thinned, the bond market flashed warning signs. A weak 3-year note auction set the tone, and with 10- and 30- year auctions looming, Trump took the off-ramp and paused tariffs for 90 days, which calmed investor concerns in the short-term. Investors shifted their focus towards uncertainty around US fiscal policy in mid-May as Moody's downgraded the US government's credit rating from Aaa to Aa1 and further highlighted long-term deficit concerns. This was quickly followed by the passing of the One Big Beautiful Bill Act by the House of Representatives, which has the potential to further exacerbate the fiscal gap. Lastly, in mid-June, geopolitical risk rose as Israel launched surprise attacks on key military and nuclear facilities in Iran. The US joined shortly thereafter to assist in striking Iranian nuclear sites, however, a ceasefire was announced

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shortly thereafter on June 24th. Despite the myriad of events, the 10-year US Treasury was stable quarter-over-quarter, moving from 4.21% to 4.24%, and, as expected, the Federal Reserve (Fed) remained on hold during their May and June meetings. Investment grade and high yield spreads initially widened but bounced back and ended the quarter near their pre-sell off levels.

Going forward, we believe the US economy will remain in the late cycle phase of the credit cycle, supported by the recent backtrack in tariff policy, a healthy mid-to-high income consumer and stable corporate fundamentals. Our base case calls for trend/below trend US growth and we do not anticipate a recession at this time. The risk of global trade seizing up and causing widespread recession appears to be diminished by tariff pause extensions, temporary truces and the potential for trade deals. In Europe, the shift toward more expansionary fiscal policy should raise long-term trend growth rates for those economies through large investments in the economy. This could offset any negative impact with a potential change in the US trade relationship, the effects of which will be hard to predict. In China, the government will likely continue to bolster domestic demand while it seeks to play defense in the face of tariff pressures, however, we believe uncertainty remains regarding the scale and effectiveness of such measures. A substantial trade deal could present an upside surprise. US inflation has been sticky and continues to print above the Fed's target. The tariff backtrack in the second quarter has alleviated some of the concerns of inflationary pressures in the short-term, but we believe risks to unstable inflation remain. We believe prices may experience a temporary spike in the coming months as companies pass through tariff-related cost increases. In addition, the risk of a re-escalation in the global trade war remains as the 90-day pause on higher tariff rates ends on July 9th. On a long-term basis, we have been suggesting that inflation may remain unstable and potentially experience higher lows in future cycles due to structural factors, such as the fiscal deficit, trade protectionism, deglobalization, decarbonization and aging demographics. From a growth perspective, labor market health and ongoing job creation should keep consumer spending on firm footing, in our view. Absent a significant shock to the economy, we believe growth should remain positive, which puts the Fed in a difficult position – should they focus on growth or inflation? In our view, the Fed may be comfortable with inflation hovering above their 2% target, explaining it away as transitory (again), in order to prevent the labor market from softening too much. The Fed seems to be in a “wait-and-see” mode and likely continues to be data dependent, focusing on developments in the trade war, the budget and events of the Middle East. We believe a key risk is the structural economic and demographic factors that are weighing on the US fiscal deficit. Large nondiscretionary spending, mostly related to entitlements and defense, have led to a deficit that is structural rather than counter-cyclical. Debt servicing costs have also risen significantly, as interest rates have increased and the overall debt burden has expanded. Currently, the fiscal deficit is unsustainable and has the potential to stimulate inflation, which in turn could raise borrowing costs across the economy. The One Big Beautiful Bill Act extends most of Trump's tax provisions, raises the debt ceiling and potentially increases the annual deficit over the next decade. Unless there is significantly higher growth (which we believe is unlikely), expenditures are reduced or another large source of revenue materializes (tariffs), we do not see a stabilization or contraction in the deficit occurring in the near term. US budget negotiations are ongoing, however, fiscal rectitude does not seem to be attainable – and this may reflect the reality that the mid-term elections are approaching quickly. Our structural view of higher interest rates remains intact. We believe Treasury supply will continue to be a topic of heavy discussion, which could

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increase interest rate volatility and put a floor under long-term Treasury yields. We believe the long end of the curve, at this point, is not adequately pricing in potential risks. We believe long-term fair value for the 10-year US Treasury is approximately 4.50-4.75%, based on a 1.75-2.00% real rate and 2.75% breakeven rate; however, Trump's policies could push the fair value target slightly higher. Our investment process lends itself to constantly reassessing value through our risk premium framework. Our Credit Health Index (CHIN) within investment grade and high yield corporate credit suggest defaults/losses will be in line with historical averages for this part of the cycle. Geopolitical and fiscal uncertainties have provided pockets of spread widening, however, risk premiums remain below the lower end of our value range. We believe that credit health remains stable as corporate fundamentals, technicals and earnings growth continue to be positive even as the economy has potentially started to downshift. It is difficult to see any real signs of credit deterioration, and in our opinion, corporate balance sheets can weather potential volatility in the macroeconomic backdrop. We believe that long-term value has returned to fixed income markets with a combination of discount-to-par (positive convexity) and favorable yields. As investors sit on record levels of cash, we expect strong demand will likely support bond markets. The fiscal gap remains a long-term threat to yield stability, and investors will need to be compensated for a potential rise in yields at the long end. Fortunately, bondholders can manage through this uncertainty. In this environment, we believe that reinvestment rate risk is on the side of the fixed income investor, but the challenge is getting to progressively higher step-ups of yield while maintaining or growing principal. Given our expectation for a relatively benign loss environment, we believe investors should also consider moderately leaning into credit risk for any potential extra carry pick-up. We are mindful of the risks going forward, such as a growing US deficit, trade protectionism (tariffs) and geopolitical risk. Each of these risks could further elevate market volatility and create additional buying opportunities in credit, interest rates and currencies, for which we would consider redeploying reserves faster. In today's environment, we believe bond investors should maintain flexibility with regards to interest rate and credit risk, considering the risk/reward of the intermediate part of the curve against the long-term risks associated with long-end curve exposures while being selective in potential opportunities in investment grade credit, high yield credit, bank loans and securitized credit, in our opinion.

Source: Natixis

Natixis Mirov a Global Sustainable Equity Fund Investment and Market Review

Global developed equity markets, measured by the MSCI World Index, were higher in the second quarter of 2025, rallying after first quarter weakness, contributing to year-to-date performance. Global equities are now in positive territory year to date in U.S. dollar terms, while slightly lower in euro terms as the U.S. dollar has fallen in value more than 10% (vs a basket of currencies from major U.S. trading partners) to start the year. While U.S. policy uncertainty on trade/tariffs, Russia/Ukraine and the Middle East, immigration, drug pricing, and budget reconciliation ('One Big Beautiful Bill'), etc. continued to drive lower visibility, a 90-day pause and ongoing negotiations have helped to ease market volatility related to the U.S. reciprocal tariffs announcement on 2 April that was initially more extreme than expected.

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Additionally, a New York Trade Court ruling declared a significant portion of Trump's tariffs illegal. However, uncertainty persists. Softer economic data combined with hotter U.S. inflation numbers and Fed cautiousness also contributed to risk-off sentiment during the first quarter of 2025. However, after U.S. consumer confidence plunged in April to levels seen at the height of the COVID-19 pandemic, it rebounded slightly in May, helping to ease fears of a potential consumer-led recession. At the same time, corporate earnings have been resilient, and there is no strong evidence yet of significant consumer weakness, particularly in the middle to high income segments of the population. Markets rallied higher in recent months, rising on any developments perceived as positive. The S&P 500 rallied almost 25% in USD since 9 April (when President Trump announced the 90-day pause on the higher reciprocal tariffs for most countries) through the end of June to finish at a new all-time high, with the Stoxx 600 Europe also nearing new highs, despite an overall worse situation and still much higher effective tariff rate than prior to April. As the 9 July end of the 90-day tariff pause nears, we may see increased volatility. Year to date by region, European equities have outperformed on U.S. uncertainty and positive developments in the region (e.g., German election outcome, ECB rate cut), while U.S. equities underperformed year-to-date. For the second quarter, U.S. equities have rebounded following tariff pauses, etc. to perform about in line with European equities. Year to date by GICS sectors, the Consumer Discretionary sector performed worst, with the Health Care and Energy sectors also underperforming the broader MSCI World Index. On the other hand, Industrials, Financials and Utilities outperformed on average, while tech and Magnificent 7-heavy Information Technology and Communication Services performed in the middle of the pack, having outperformed more recently during the second quarter.

The Mirova Global Sustainable Equity Fund R/A-NPF (USD) underperformed the global equity market, represented by the MSCI World Index (Net) EUR, during the month of June. The Fund returned 2.21%, while its benchmark returned 4.32%. In terms of attribution by GICS sectors, sector allocation effect was a slight positive contributor to relative performance, while stock picking effect detracted. Regarding sector allocation effect, our overweight to Information Technology sector and underweight to Consumer Staples contributed positively to relative results. Our overweight to Health Care and our underweight to Communication Services detracted from relative results. Regarding stock picking, stock picking within Financials, Industrials and Information Technology were the key detractors from relative results. Finally, our regional positioning, with an overweight to Europe and underweight to the U.S., was a slight detractor. In terms of stock picking, within Financials, Mastercard was the main detractor from relative performance. Mastercard, as well as Visa, underperformed in part on reports of major U.S. retailers Walmart and Amazon exploring the use of their own stablecoins and in part on geopolitical tensions in the Middle East. Investors initially reacted negatively to the stablecoin news as it was viewed as a move that could potentially direct payment volumes away from the traditional payments largely facilitated by Mastercard and Visa. This came alongside the U.S. Senate voting to pass the GENIUS Act, which represents efforts to establish a comprehensive federal framework for the regulation of payment stablecoins. Overall, our view is that the market overreacted to the potential threat, and that this is not an imminent risk to Visa and Mastercard. Firstly, none of these concerns are new. Many of the big fintech companies like PayPal have already accepted crypto payments for some time. Every now and then there is news on disintermediation, but nothing has proven formidable against Visa and Mastercard thus far. Crypto could be useful in specific industries such as Gaming, but it is far from prevalent. Mega retailers such as Walmart and Amazon have

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been exploring alternative payment methods (i.e., other than through Visa and Mastercard rails) for several years. Merchants have also explored lower cost rails, but consumer behavior has proven very difficult to change. C2 - Internal Natixis Considering the time needed for regulatory approval and implementation and adoption, the process may take longer than people think and with limited use cases. The fortress-like moat Visa and Mastercard have built will be very hard to break. Secondly, the recent pullback is also partly due to the market taking some risk off on the back of the Middle East conflict, with concerns related to reduced travel and, to a lesser extent, inhibited cross-border payments in the Middle East region. Both stocks recovered quickly after tensions eased in the Middle East. Within Industrials, Waste Management was the main relative detractor as it underperformed the broader Industrials sector, particularly as investors favored the Aerospace & Defense industry within the sector following the launch of Europe's rearmament plan to increase defense spending. Finally, Waste Management held its Investor Day in late June, with some share price weakness following, as financial targets may have disappointed the market. We attended the Investor Day and, overall, management emphasized that WM can be a "forever stock" with a long runway for growth along with a people-focused culture, customer centricity, and operational excellence focus. There are some puts and takes on the outlook that could lead to some upside on outcomes including tax policy and/or additional M&A. The company has recently acquired Stericycle and appears to be figuring out what the optimized business model for this segment will look like, as the legacy company was not managed well. Overall, our views on management and the business and the long-term investment case remain positive. Within Information Technology, Accenture was the main detractor from relative performance as they underperformed the broader IT sector that performed very strongly during the month. While Accenture delivered a good fiscal third quarter that beat expectations, including the tariff headwinds, lower federal spending and challenging macro, and raised FY25 EPS and free cash flow, as well as the low end of revenue guidance, the market reacted to light bookings and next quarter revenue guidance that wasn't as strong as expected given the FX benefit. Investors often extrapolate the health of Accenture by single bookings numbers that the company doesn't manage to, and, in this case, it was lighter than expected. Accenture continues to be a leading global IT services company that is well positioned to benefit from broader adoption of AI as they enable their customers to implement AI applications in their own day-to-day operations. While stock picking within Information Technology overall detracted from relative performance, certain picks within the sector performed well and contributed positively to relative performance. Taiwan Semiconductor and Nvidia shares performed well since their early April year-to-date lows in part on a general rebound in growth stocks and on headlines that the Trump administration may take a different approach regarding its crackdown on chip exports, on tariff negotiations viewed as more positive than the initial early-April situation, and on the news that the U.S. was considering a major AI chip sale to the UAE follow President Trump's trip to the Middle East. The companies also delivered strong financial results. Taiwan semi reported financial results that beat both top and bottom-line consensus forecasts, reaffirmed its 2025 guidance of mid-20% revenue growth, and maintained capex guidance of \$38-42bn. During the earnings call, the company said it is not witnessing tariff impact on consumer behavior so far and it expressed confidence about AI chip demand from American companies, supporting the need to boost production capacity. Taiwan Semi reported May sales in mid-June as well that suggested Q2 may surpass guidance despite currency headwinds. Meanwhile, at the end of May, NVIDIA also reported a great first quarter. There was not much that went wrong with this quarter for NVIDIA considering there was a lot of

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nervousness going into it given China exposure and production issues. The Q2 guide was in line to better, with revenue growth for Q2 guided at +51.3% YoY growth with the \$8bn in China revenue removed. The high-performance GB200 chips are rolling out quickly, and they are just about to start shipping GB300s which do not require a new architecture, so there will be fewer problems if any with production. The company also talked up the Sovereign end market potential becoming more meaningful, and Enterprise is seeing an inflection due to AI agents. With China de-risked (market assuming \$0), downside risk is lower than before. We maintain conviction in the long-term investment case for both Taiwan Semiconductor and Nvidia.

Market Outlook and Investment Strategy

Our overall base case is that the situation in the second half of 2025 and into 2026 is more negative than the base case we had entering 2025, primarily due to U.S. policy uncertainty and the impact of tariffs. However, the significant downside risk under the scenario of stagflation with high inflation and low economic growth is now less likely. We believe the risk to our outlook is skewed toward the upside. We continue to seek attractive points of entry, focusing on areas of growth and preparing for further signs of stabilization. However, given the market has already rebounded significantly since President Trump's April 2nd Liberation Day, we remain prudent overall. For more information on the team's views on the macro and market situation as we move into the second half of 2025, please see our mid-year outlook write-up.

Regarding portfolio positioning, we continue to maintain the portfolio's barbell positioning overall, which we believe positions the portfolio for resilience relative to the broad market in a variety of market environments. A barbell position means that the portfolio is well balanced between 1) exposure to cyclical and growth-oriented sectors like higher growth tech areas, the consumer, and renewables and 2) defensive areas such as the Healthcare and Utilities sectors, more defensive consumer names and tech names that are less exposed to tariff impacts with strong recurring revenues. Specifically relative to the broad market, our portfolio is more defensively positioned which is illustrated by our relative overweight to Healthcare, Utilities, Food Production, and Technology names with recurring revenues compared to the MSCI World Index. Our geographical positioning is also more defensive, with an overweight to Europe with European stocks that are very diversified in terms of their revenue, supply chains, and production and whose valuations are reflecting a more negative scenario compared to the relatively positive scenario U.S. stocks seem to be priced for. We also analyze very closely how portfolio companies manage their supply chains in order to minimize the risks of U.S. tariffs exposure. For instance, we have less exposure to the cyclical industrial names likely to be impacted by tariffs and no direct exposure to China. Finally, we continue to focus on higher quality stocks with strong balance sheets, lower levels of debt and stable earnings and margins, alongside quality management teams, which generally exhibit outperformance in a risk-off scenario. Overall, the way that we invest is based on the idea that the world is slowly changing. We have very strong transitions between how we live today and how we will live in ten years' time, and this continues to be true. These are secular demographic, environmental, technological and cultural or governance transitions, many of which persist regardless of what any election brings in any part of the world and regardless of economic cycles. We must still deal with climate change, but perhaps slightly differently from an investment point of view, as are increasingly confronted with the consequences of climate change, such as natural disasters, and what it means for the companies we invest in. We still have

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an aging population. We still have urbanization that is accelerating, an emerging middle class in developing countries, and growing economic inequalities in general. We still have generational shifts that impact the way we do business as well. We believe that these long-term themes will continue to be drivers of performance. As long-term investors, it's extremely important for us to maintain that long-term thinking and to translate that into ideas in the portfolio, taking into account current valuations. We continue to diversify the portfolio across and within the major long-term trends driving the economy. Following our approach that has been in place for more than ten years, focusing on how the world is changing, while managing risk relative to the benchmark and the market environment, we believe we are well positioned to manage through this shifting context.

Source: Natixis

Neuberger Berman Strategic Income Fund Investment and Market Review

In a backdrop of declining Treasury yields, the Fund delivered a positive total return for the month. The Fund's duration and tactical interest positioning were additive to absolute performance. From a sector perspective, allocations to agency MBS, investment grade credit and high yield were the primary positive contributors to absolute performance. Positioning in securitized credit, emerging market debt, floating rate loans and CLOs also added to performance, but to a lesser degree.

Over the month, we reduced positions in investment grade credit, agency MBS, CMBS and non-US DM government securities. We added to emerging market debt, high yield, bank loans, U.S. Treasuries, TIPS, ABS, non-agency MBS and credit risk transfers. Cash decreased over the month as we looked to selectively add risk in areas where we see attractive valuations. We continue to be active in managing duration and yield curve positioning.

In June, U.S. and global investment grade (IG) fixed income delivered positive total returns of 1.54% and 0.96%, respectively, as measured by the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged). For 2Q 2025, the Bloomberg U.S. Aggregate Index and Bloomberg Global Aggregate Index (USD hedged) returned 1.21% and 1.61%, respectively. Risk assets outperformed in June and the second quarter. Across global fixed income markets, spread sectors saw robust returns for the month, which also boosted returns for the quarter. In June, Global IG Corporates returned 1.41%, U.S. IG Corporates were up 1.87%. Agency Mortgage-Backed Securities (MBS) delivered 1.78%. U.S. High Yield posted a gain of 1.86%, pan-European High Yield (USD hedged) was up 0.56%, and Senior Floating Rate Loans returned 0.80%. Hard Currency Emerging Markets debt returned 2.41%. U.S. TIPS and U.S. CMBS posted returns of 0.95% and 1.23%, respectively. Pan-European IG Corporates (USD hedged) returned 0.64%, and Local Currency Emerging Markets debt (USD hedged) posted a return of 0.80% in the month.

U.S. government yields moved lower across the curve in June. The 2-year yield decreased by 18 bps to 3.72%, the 5-year yield fell by 16 bps to 3.80%, and the 10-year yield declined by 17 bps to 4.23%. The 30-year yield decreased by 15 bps to 4.78%. The 10-year TIPS yield fell by 7 bps, closing at 2.00%. These shifts reflect ongoing adjustments to expectations regarding inflation, economic growth and the fiscal outlook. Yields across other major developed countries were mixed in June. The U.K. 10-year yield decreased by

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16 bps to 4.49%, while Germany's 10-year yield rose by 11 bps to 2.61%. Japan's 10-year yield declined by 6 bps to 1.43%. Other notable moves included an increase of 7 bps for 10-year yields in Canada and 15 bps in Spain, while 10-year yields in Australia declined by 10 bps and in Italy were unchanged. These sovereign yield movements reflect ongoing reassessments of global economic growth prospects, regional differences in economic conditions, inflation expectations and the outlook for central bank policy.

In June, fixed income spread sectors generally tightened, continuing the reversal of the widening seen in April. This shift reflected a further reduction in risk-off sentiment and ongoing stable macroeconomic conditions. The repricing was supported by resilient demand, attractive yields and continued stable corporate fundamentals, even as uncertainty around economic growth and inflation persisted.

- Global Aggregate Corporate spreads tightened by 5 bps, ending at 89 bps.
- U.S. IG Corporate spreads narrowed by 5 bps to 83 bps.
- Pan-European IG Corporate spreads tightened by 8 bps to 93 bps.
- U.S. Agency MBS spreads narrowed by 5 bps to 37 bps.
- U.S. High Yield corporate spreads tightened sharply by 36 bps, ending at 296 bps.
- Senior Floating Rate Loan spreads narrowed by 16 bps to 430 bps.
- U.S. TIPS breakevens narrowed slightly by 0.04%, indicating a modest decrease in market-implied inflation expectations

Overall, demand for fixed income remained robust, with investor interest supported by stable fundamentals and the search for yield, despite ongoing uncertainty.

- Nonfarm payrolls rose by 139k in May, above consensus expectations of 126k but down from the prior month's 177k.
- The unemployment rate remained steady at 4.2%, matching both consensus and the prior month.
- Average hourly earnings increased by 0.4% MoM, above the surveyed 0.3% and higher than the prior 0.2%.
- U.S. headline CPI for May was up slightly at 2.4% YoY (in line with expectations), and core CPI was 2.8%, slightly below the surveyed 2.9% and unchanged from April.
- Headline retail sales (MoM) declined by -0.9% in May, a deeper contraction than the expected -0.6%, and weaker than the prior month's +0.1%.

U.S. economic activity remains relatively resilient but has been showing signs of moderation. Consumer spending has softened and labor markets are holding up but could see slowing in coming month. Inflation remains contained for now. Corporate balance sheets are stable, but ongoing geopolitical risks, slowing economic growth and the outlook for further Fed rate cuts continue to pose uncertainties.

Market Outlook and Investment Strategy

Inflation readings remain broadly subdued but are expected to rise over the summer due to tariffs, with Fed Chair Powell noting no meaningful tariff impact yet but anticipating higher figures ahead. The Fed maintains a wait-and-see stance, while DM policy rate easing has slowed and EMs continue to cut. Market sentiment is cautious; household equity demand supports risk assets. Corporate credit fundamentals remain strong in investment grade, but high yield, while seeing stable fundamentals could face more

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pressure from slower growth and sticky funding costs. Geopolitically, tariff and fiscal uncertainty are key risks, though Middle East escalation is seen as having limited direct economic impact.

We maintain a constructive outlook on fixed income, favoring shorter durations and active credit selection amid supportive technicals and stable corporate fundamentals. However, unpredictable policy changes could keep the remainder of the year eventful, requiring vigilance. Real economic conditions are mixed across developed countries, but the outlook has improved since mid-April, and investor demand for fixed income remains resilient. This backdrop continues to emphasize the importance of quality, fundamentals-driven relative valuation, and seizing yield and price opportunities.

We remain opportunistic in credit markets, expecting spreads to stay range-bound, with further volatility possible around geopolitical concerns and “Trump 2.0” policy—though spreads could continue to tighten from here. Technical demand, extended maturities, and constructive fundamentals have kept spreads in a reasonable range, so we are seeking selective opportunities via credit research. In the U.S., further policy shifts—including tax, budget, and tariff changes—could result in pockets of volatility and will likely remain key developments to monitor through the remainder of 2025.

The U.S. has led in economic growth, but signs of mixed economic data and waning consumer activity have emerged, alongside questions about the direction of tariff policy. Uncertainty on how tariffs will impact inflation may limit the Fed’s capacity for further rate cuts, but the Fed is in a wait-and-see mode. Europe appears more vulnerable to weak exports, particularly with China, but has more room for easing. Concerns are rising about the long-term fiscal outlook in the U.S. and elsewhere, which could pressure long-term rates and continue to steepen yield curves. We remain cautious on duration, favoring short-term opportunities.

On the political front, 2024 featured historic elections in over 70 countries. The global political landscape is shaped by both populist and centrist forces following a series of pivotal elections. Korea’s Democratic Party secured the presidency and legislative control, enabling swift fiscal stimulus and governance reform. Poland’s unexpected PiS presidential win has heightened political gridlock and market volatility. Germany’s Merz-led coalition passed a more front-loaded fiscal package, boosting near-term growth but raising budget and implementation risks. Canada’s Liberals remain in minority, enacting moderate stimulus. Australia’s ALP retained power with a historic majority, maintaining policy continuity. France faces new election risks amid persistent fiscal and political strains. US-China-EU trade tensions and tariff risks remain elevated, though recent pauses and interim deals have stabilized near-term sentiment.

Despite policy, tariff, growth, and inflation uncertainty, corporate spreads remain range-bound—in a narrower range more recently— supported by stable fundamentals such as reasonable leverage, ample cash and improved investor sentiment. Focusing on quality, valuations, and market dislocations remains prudent, as divergent policy easing and tariffs could widen the gap between winners and losers in fixed income, enhancing opportunities for active managers.

Source: Neuberger Berman

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Nomura Japan High Conviction Fund

Investment and Market Review

The Japanese equity market advanced in June. At the beginning of the month, the equity market weakened amid concerns over trade friction between the US and China. The market later recovered after President Trump and Chinese President Xi Jinping spoke over the phone to address concerns about the escalating retaliatory tariffs each country was imposing on the other. The talks helped to ease market anxiety regarding trade tensions. However, around mid-month, the market reaction was mixed as investors carefully measured the impact the military conflict between Israel and Iran might have on the global economy. Toward the end of the month, the market reacted positively to news that Israel and Iran had agreed to a ceasefire. Expectations that the Federal Reserve Board (FRB) might implement a policy interest rate cut at its July monetary policy meeting helped the market to advance. Market sentiment recovered by the end of the month, and the Nikkei and TOPIX both surpassed their respective year highs during this period. The Japanese equity market ended higher on the month.

The benchmark TOPIX index advanced by 1.96% for the month of June 2025. The equity component of the fund outperformed the index by 1.11% in relative terms, with an absolute return of 3.07% for the review period. Equity market gains were weighed down this month by concerns related to US tariff and trade policies, together with rising geopolitical risk. However, these concerns gave way to improved market sentiment. Combined with rising expectations of a US interest rate cut and the rise of Nvidia's stock price, the market later rallied to a new year-to-date high. Growth stocks outperformed in terms of style. The Russell Nomura Growth Index saw significant gains from Mitsubishi Heavy Industries and Nintendo. However, with relatively low weights in the automotive and financial sectors, the fund underperformed the growth index, despite outperforming the benchmark TOPIX. Stronger performers that contributed positively included stocks with healthy business performances, such as Visional, Japan Elevator Service, and Asics. Holdings among semiconductor-related stocks also added value. Positions that detracted from the performance included the absence of Softbank Group and Advantest, both of which saw their stock prices advance along with rising AI related expectations. The absence of a position in Nintendo, a leading entertainment-related stock, also detracted from the performance. Disappointing outcomes from some high-quality stocks such as Daiichi Sankyo and Keyence also detracted from the performance.

Market Outlook and Investment Strategy

Among recent purchases, we increased the position in Sysmex despite its underperforming stock price. We expect to see a turnaround driven by recovery in its China operations and new product launches in blood cell measurement and blood coagulation products. We also added to the position in Sony Group. The stock price has underperformed slightly against major export-oriented stocks. We also increased the weighting of NOF Corporation, where growth is expected in pharmaceuticals (drug delivery systems), functional chemicals (cosmetic materials), and defence-related sectors. We also added to the stock position in Keyence, as the stock price has recently underperformed other stocks in the factory automation industry. As for sales, we partially reduced the weightings of Plus Alpha Consulting, Japan Elevator Service Holdings, Obic, and GMO Payment Gateway. All of these companies have seen solid

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business performances, and their stock prices have recently advanced significantly. Excluding Obic, the sales were concentrated in small- to mid-cap growth stocks.

According to the Nomura Securities Financial & Economic Research Centre, corporate earnings for the fiscal year ending March 2026 are expected to decrease by 8.1% (yoy) based on forecasts as of 30 June 2025 for the Russell/Nomura Large Cap Index, excluding financials and on a consolidated basis. Nomura's corporate earnings growth forecast for the fiscal year ending March 2027 indicates a continuing earnings recovery, with growth of 13.2% in terms of recurring profits.

Source: Nomura

PGIM Global Total Return Bond Fund

Investment and Market Review

The Fund outperformed its benchmark, the Bloomberg Global Aggregate Bond Index, by +121 bps (gross). Overall security selection contributed to performance during the period, with selection in emerging market high yield, U.S. Treasuries, emerging market investment grade bonds, non-agency MBS, European investment grade corporates, U.S. high yield corporates, and GBP high yield corporates contributing the most. This was partially offset by selection in U.S. investment grade corporates, which was the largest detractor. Overall sector allocation also contributed to performance, with overweights to the U.S. high yield corporate, and AAA CLO sectors, along with an underweight to the MBS sector, contributing the most. This was partially offset by overweights to the emerging market investment grade and JPY investment grade sectors, which were the largest detractors. Within credit, positioning in media & entertainment detracted from performance during the period. Positioning in healthcare & pharmaceuticals contributed to performance. From a market perspective, having more risk, on average, over the period than the relevant benchmark contributed to results. The Fund's yield curve and duration positioning contributed to performance as the U.S. Treasury curve steepened.

The bull market for fixed income continued through Q2 2025. In contrast to the typical bull market where the dominant driver of returns consists of a wholesale drop in yields, this bull market continues to be mostly fueled by the simple accrual of yield itself as well as the incremental returns on spread products. Indeed, credit products have posted the best performance so far in 2025, with the riskier sectors, such as high yield and emerging market hard currency, posting the highest returns.

Maturity has been another critical factor as longer maturities have underperformed, with U.S. and German T-bills producing the highest returns and the 10+ year maturity Treasury and bond markets delivering negative returns with high volatility. In the U.S., the 10-year yield traversed an 80 bps range during the first half of 2025 and, after a late quarter rally, ended Q2 about 35 bps lower than the start of the year. Germany's 10-year bund traversed a range of about 50 bps and ended Q2 nearly 30 bps higher than where it started the year.

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The steepening in U.S. and German curves continued in accordance with the countries' respective fiscal developments. Germany is leading Europe's push to ramp up defense and infrastructure spending, while the U.S. is on the cusp of a budget bill that is expected to significantly deepen its deficit. The front of the Bund curve dropped with the latest ECB rate cuts, while the front of the U.S. Treasury curve rallied on expectations for a 2025 restart of the Fed's easing cycle.

In terms of monetary policy, the ECB is in an enviable position given that inflation is now back to the 2% target where it is expected to stay over the forecast horizon. Moreover, tariffs are increasingly viewed as deflationary outside of the U.S. Having cut its policy rate by 200 bps from its peak to 2%, significant ECB easing should support the euro area economy through these turbulent times. Indeed, our view is that rates are likely to be lowered marginally further in 2026 absent any marked deterioration in the labor market. The ECB's policy flexibility stands in contrast with the U.S. Federal Reserve. An airgap remains between recent U.S. inflation prints of around 2.5% and the 2% target. Moreover, U.S. tariffs pose risks to the inflation outlook, with our base case assuming U.S. inflation will rise further above the target. As such, the Fed is expected to remain on hold for now, with two more 25 bps cuts over the next 12 months as the most likely outcome— slightly more hawkish than current market pricing.

In China, the theme of managed deflation of its real estate bubble continues. Property investment continues to decline and house prices have fallen further. However, government support initiatives aimed at the consumer, as well as monetary easing, have provided economic support. Inflation remains below zero, and even recent oil price volatility is insufficient to overcome deflation. As a result, we see further easing in the second half of 2025.

Market Outlook and Investment Strategy

Looking ahead, geopolitical risks and trade tensions are likely to remain high. Nonetheless, moderate growth and moderating inflation in major DMs look set to continue, with Western central banks generally expected to hold or cut rates in the quarters ahead. In turn, this is likely to keep overall rate levels stable to lower, albeit with the potential for further yield curve steepening. On net, this backdrop of stable to falling rates should support the bond market overall.

Regarding credit, fundamentals generally remain firm. While growth prospects may not be strong enough to warm the hearts of equity investors, the ongoing backdrop of ongoing anxiety is perhaps an ironic positive for credit investors, preventing excess exuberance among debtors that invariably leads to a steep rise in downside credit risks.

Despite this benign outlook, we expect to see intermittent bouts of volatility in credit spreads as events unfold. Nonetheless, the underlying durability of fundamentals, along with the favorable supply/demand balance in credit markets, suggest that spreads in the quarters ahead may remain towards the bottom end of their historical ranges, allowing further, albeit more modest, outperformance by credit products. Credit products have not only posted the best performance this year, but they have also turned in the best performance over this bull market. The riskier sectors— e.g., high yield and emerging market hard currency—have posted the highest returns.

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That stated, we expect fundamental trends to vary by industry. In addition, we remain watchful of more cyclical and consumer discretionary sectors, as well as those that might be disproportionately impacted by tariffs. Autos are expected to be among the most impacted, followed to a lesser extent by consumer, housing, industrial & manufacturing, metals & mining, energy, and technology, but to a lesser extent. In addition, tariff risks to communications, financials, healthcare, and utilities are expected to be low. At this stage in the credit cycle, more frequent event risks, consumers' increasing focus on essentials, and moderating credit metrics (along with increased distressed exchanges), point our allocations towards high-quality securities. We remain overweight an array of credit sectors including both investment-grade and high yield corporates, high-quality structured products, and emerging markets.

Source: PGIM

Pictet Asian Local Currency Debt Fund

Investment and Market Review

The index returned 5.42% in USD terms over the quarter, with both the rates and FX components delivering strong returns as the asset class benefited from the tailwind of the Dollar weakening. At a country level, returns have been positive across the board, with Singapore and Korea being the top performers. The performance of the asset class signals resilience and structural value, especially when taking into account the difficult global macro backdrop following the inauguration of President Trump. The reciprocal tariffs on imports from 185 countries prompted a period of global uncertainty. Volatility spread quickly across asset classes, with the USD falling and safe-haven assets rallying. The various steps taken by the new administration have set in motion a global search for safety and differentiation and have reset expectations around US exceptionalism, weakening the Dollar and contributing to a much more favourable environment for EM Fixed Income. For EM central banks, easing continues despite an on-hold Fed supported by domestic conditions and looser financial stability constraints. Towards the end of the quarter, heightened tensions between Israel and Iran significantly added to geopolitical risks. Nevertheless, the ceasefire agreement between the two countries, as announced by US President Donald Trump on 23 June, appears to be holding

Market Outlook and Investment Strategy

The fall of the US exceptionalism narrative has continued to be front and centre over the quarter. US yields continued to rise, and the Dollar continued a general trend of weakening, throwing into question the fundamental soundness of US assets. Amongst this, EM local debt performance from both the rates and the currency perspective has been remarkably positive, with EM rates rallying amid expectations that weaker growth will open up output gaps and reduce inflation pressures, creating pockets of outperformance for this asset class. As tariff and inflation dynamics continue to evolve, we remain vigilant regarding new opportunities and developments in tariff negotiations. Looking ahead, we remain very constructive on the asset class due to a combination of favourable macroeconomic and structural factors. Elevated yields and attractive valuations, supported by a global trend of loosening monetary policy and declining inflation rates, provide a strong outlook for bonds while the weakening US Dollar enhances

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capital flows, lowers volatility and makes the asset class a great diversifier in a global portfolio. The renewed interest in the asset class as a way to diversify away from US assets is also set to add further support to the performance of the asset class.

Conviction levels for Asia local debt remain high in the medium term. Asian economies are in a robust position. The underlying fundamentals continue to improve, with strong credit ratings and EM sovereigns in a much stronger position than in the past. Overvaluation of US assets, a weak Dollar environment and rotation into fixed income assets underpin support for the asset class. Asia local rates are set to benefit from growth and inflation headwinds whilst real rates remain elevated, with room to decline, offering attractive valuations. Against this backdrop, overweight positioning is maintained in local rates with a focus on the Philippines, Malaysia and Indonesia. On the currency side, we now express a more neutral position as a result of profit-taking on Asian currency performance, with the main overweight being in the Taiwan Dollar versus underweights in Thai Baht and Indian Rupee.

Source: Pictet

Pictet Global Emerging Debt Fund

Investment and Market Review

The index returned 3.32% in USD terms over the quarter. Spreads continued to tighten over the quarter and at country level, high yield names were the top performers; in particular Ecuador and Lebanon where continued reforms and improved political outlooks have supported bond performance. The performance of the asset class signals resilience and structural value, especially when taking into account the difficult global macro backdrop following the inauguration of President Trump. The reciprocal tariffs on imports from 185 countries prompted a period of global uncertainty and volatility spread quickly across asset classes with the USD falling and safe haven assets rallying. The various steps taken by the new administration have set in motion a global search for safety and differentiation and have reset expectations around US exceptionalism, contributing to a much more favourable environment for EM Fixed Income. Elsewhere, the month of May saw two important elections in Eastern Europe. In Romania, pro-EU Nicusor Dan was elected, while in Poland results were skewed towards right-winged leader Karol Nawrocki. Towards the end of the quarter, heightened tensions between Israel and Iran significantly added to geopolitical risks. Nevertheless, the ceasefire agreement between the two countries, as announced by US President Donald Trump on 23 June, appears to be holding steady.

Market Outlook and Investment Strategy

The fall of US exceptionalism narrative has continued to be front and centre over the quarter. The developments around tariffs and the US fiscal situation will remain top of mind, particularly post the 9th of July deadline where uncertainty remains regarding negotiations. However, despite the prevailing uncertainty, EM hard currency has achieved decent returns year to date, outperforming other asset classes such as US investment grade and high yield credit. Given the macro backdrop, this shows remarkable resilience. On the fundamental side, the positive ratings momentum has continued through 2025 with more upgrades than downgrades across the ratings spectrum and regions. For frontier-market

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commodity exporters, the recent rise in commodity prices provides an important tailwind. As tariff and inflation dynamics continue to evolve, we remain vigilant to new opportunities and developments in negotiations. Looking ahead we remain constructive on the asset class. due to a combination of favourable macroeconomic and structural factors.

Within emerging market hard currency bonds, we continue to hold the conviction to be overweight in high yield names versus investment grade. The underlying fundamentals continue to improve with a strong credit rating upgrade cycle coming through and EM sovereign in a much stronger position than in the past. Overvaluation of US assets, a weak dollar environment and rotation in to fixed income assets underpins support for the asset class. We may see pockets of spread widening in US credit assets if equity market volatility increases again that could cause some temporary widening in EM spreads, which we would view as an opportunity to add. Carry within high yield is also high which provides a strong underpinning to long term total returns. In terms of portfolio positioning, we maintain the overweight positions in favoured high yield names; Egypt, Ecuador, Argentina and Ukraine whilst taking a more balanced view in the investment grade space, holding underweight duration in the higher quality names, where we limited value given tighter spreads.

Source: Pictet

Pictet Premium Brands Fund

Investment and Market Review

Q2 was marked by significant volatility in equity markets on the back of shifts in US tariff policies with April's steep decline followed by a sharp recovery in May-June. Various economic scenarios started to emerge, including rising inflation and a possible recession in the US. In that context, premium brands published their Q1 earnings, showing mixed numbers overall, with some companies negatively impacted by sluggish consumer confidence, a weak USD and a patchy spending recovery in China. LVMH, Lululemon and Deckers were among the most disappointing publications. On the other hand, companies such as Richemont, Hermes, Ferrari, American Express and Visa shined with positive surprises.

Market Outlook and Investment Strategy

Looking ahead, US decisions on trade policies are likely to keep driving equity market movements. Future Fed monetary decisions and the consequences of conflicts in the Middle East create additional factors fostering market volatility. In these times of uncertainties, consumer sentiment has remained sluggish overall and most companies have refrained from guiding precisely for the full year. Valuation multiples for a number of premium brand companies have become cheap and attractive for long-term shareholders. Premium brands remain well-equipped in difficult times thanks to their solid balance sheets, pricing power, high profit margins and superior customer loyalty. Times of market turbulence have often been good opportunities for increasing stakes in highest quality companies.

The strategy invests in companies with strong brands that fulfil consumers' aspirations. We favour recognised brands with high-quality products, superior services and relevant digital engagement. We

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evaluate the ability of companies to generate sustainable growth with high profitability and strong cash-flow generation. Premium Brands benefit from secular growth drivers in the long term. They tend to gain market share following times of crisis and uncertainty. Valuation levels must be attractive relative to growth prospects.

Source: Pictet

Pictet Security Fund

Investment and Market Review

Global markets weathered significant uncertainty in Q2 2025 due to the US “Liberation Day” tariff announcements. This sent shares quickly down as markets feared a large impact on global trade. Postponement of the implementation of tariffs and news on bilateral negotiations resulted in a quick rebound, ending the half-year with a robust rally in risk assets. Equities surged, led by the S&P 500 hitting record highs as tech stocks rebounded on AI optimism. Despite investors fearing the end of American exceptionalism, the earnings season during the quarter was surprisingly positive as well. However, regional performance diverged: US stocks outperformed in June, up over 5%, but European equities led for the half-year, rising over 13% on the ECB stimulus and Germany’s fiscal expansion. Liberation Day tariff announcements broke the traditional link between US Treasury yields and the Dollar. Instead of rallying, the Dollar weakened sharply—down over 10% year-to-date—while yields rose, signalling a structural shift in safe-haven dynamics. Gold soared 25% as investors sought safety amid geopolitical tensions. Regarding the security universe, all three main segments were in positive territory.

Market Outlook and Investment Strategy

Given the persistent uncertainties surrounding the current state of the world, we believe that securing the critical infrastructures of countries, protecting citizens’ integrity and ensuring the ability of businesses to meet their objectives is a top priority. Given the Russia-Ukraine conflict, key structural themes will redefine Europe, among them Cybersecurity, Reshoring and Security of Supply Chains. Cyber is the new war frontier. The conflict has further highlighted the increasing importance of cybersecurity in conflicts, given that the Russian invasion was accompanied by coordinated cyberattacks. Going forward, malware, phishing and attacks on infrastructure are likely to happen at a higher rate. The emergence of generative AI is opening new opportunities in the semiconductor design/manufacturing space and increasing the need for more space in refurbished data centres (power and thermal management). We therefore remain confident about the fund’s ability to outpace the global equity market on earnings and cash-flow growth over the next few years. The fund is an attractive investment opportunity to capture long-term new opportunities benefitting from strong fundamentals and positive diversification criteria.

The global financial markets are experiencing uncertainty as the United States and China take divergent paths. In the US, economic prospects are hindered by President Trump’s unexpected policy measures, such as tariffs and a strict immigration policy. These actions are expected to result in stagflation and the US economy slowing to 2% (2.8% last year). Consumer and investor sentiment was more pessimistic at the end of the quarter, with capital spending plans delayed due to tariff policy uncertainties. Although

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hard data hasn't yet shown this downturn, further interest cuts by the Fed are expected to offer some support. In contrast, China seems to be recovering from its economic downturn. China's substantial monetary and fiscal stimulus is yielding positive outcomes, with growth projected at 5.2% in 2025. Europe presents a mixed economic outlook. The Eurozone's prospects have improved due to significant defence and infrastructure spending by Germany and the EU, potentially offsetting the impact of US tariffs. Globally, monetary easing is widespread, with many central banks reducing interest rates. In that multi-polar world with many moving parts, we will continue to reduce some consumer/macro-sensitive stocks and will take the opportunity to allocate a risk budget to buy defensive convictions as we remain constructive on the fundamentals of these companies.

Source: Pictet

PIMCO GIS Income Fund

Investment and Market Review

Despite soft economic data and heightened geopolitical tensions, risk assets managed to perform well in June, as equities climbed and credit spreads tightened. The U.S. labour market remained stable, with the unemployment rate steady at 4.2% and the economy adding 144k jobs in May, surpassing the forecast of 130k jobs. The annual inflation rate in the U.S. rose for the first time in four months to 2.4% in May, but below expectations of a 2.5% rise. In the Euro Area, the annual inflation rate fell to a cooler-than-expected 1.9%, below the ECB's target. At the same time, in the U.K., the annual inflation rate also edged down to 3.4% in May 2025 from 3.5% in April, in line with expectations.

In fixed income markets, developed market sovereign yields were mixed in June, while credit markets remained buoyant with spreads across most sectors narrowing. Against this backdrop, the U.S. 10-year Treasury yield fell 17 bps to 4.23% as markets pulled forward rate cut expectations. The U.K. 10-year gilt yield fell 16 bps to 4.49%, while the German 10-year Bund yield rose 11 bps to 2.61%. Meanwhile, the yield on the Japanese 10-year government bond fell by 7 bps to 1.43% as the Bank of Japan kept interest rates unchanged and signalled a cautious stance on shrinking its balance sheet, reaffirming a gradual approach to policy normalization.

In equity markets, despite an interim bout of volatility, U.S. stocks extended their rally, with the S&P 500 returning +5.1%, as the index closed the month at a new all-time high. Stocks were bolstered by trade agreements, notably with China, and easing geopolitical tensions amid the Israel-Iran ceasefire. Within credit, U.S. investment grade spreads tightened 6 bps to 86 bps, while Euro investment grade spreads tightened 7 bps to 91 bps. Meanwhile, U.S. high yield spreads tightened 36 bps to 296 bps, while Euro high yield spreads tightened 15 bps to 321 bps.

Market Outlook and Investment Strategy

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Strategic Liquidity – The Fund continues to focus on maintaining high levels of liquidity (cash, Treasuries and Agency MBS) to provide additional flexibility and potentially deploy capital opportunistically.

Interest Rate Strategies – The Fund has increased duration in recent months in anticipation of a slowing global economy, with a preference for US rates. The exposure focuses on the front and intermediate segments of the yield curve where we see the most attractive opportunities. We maintain a long exposure to US TIPS to protect the portfolio against elevated inflation risks. Elsewhere, the Fund maintains a modest long position in UK duration and Australian duration, and a short position to Japanese duration, given the potential for further tightening from the BoJ.

Mortgage-Backed Exposures – We continue to like non-Agency mortgage-backed securities due to their attractive yields and risk profile. Our exposure is mainly in senior tranches of legacy, well seasoned deals, with very solid underlying fundamentals that should be resilient even in very distressed house price scenarios. We also continue to hold select higher coupon Agency MBS and senior AAA-rated tranches of CMBS indices. Both sectors provide "safe spread" along with an attractive risk profile in the event of a flight to quality. We remain focused on maintaining flexibility and ensuring a high level of liquidity in the portfolio.

Corporates – Within investment grade corporates we continue to like systemically important banks with strong capital positions and direct support from central banks, with a focus on the most senior parts of banks' capital structures. Outside of financials, sector exposure is a function of bottom-up credit selection rather than any specific sector views. The Fund is highly selective in cash High Yield bonds, with a focus on short dated senior and secured bonds, as well as select hung loans and restructuring opportunities. The Fund continues to maintain an allocation to high yield CDX, which benefit from superior liquidity versus cash bonds.

Emerging Markets – Exposure to emerging markets remains modest. We still believe that EM assets can be a good source of carry and diversification, but we keep individual country exposures small. We are focused on select regions which provide higher yields and what we perceive is limited potential for long-term financial loss. We are generally focused on sovereigns and quasi-sovereigns, specifically on organizations that have close government ties.

Currency – Currency positions continue to be modest as currencies can be more volatile than other asset classes. We remain tactical in our currency positioning, holding a long exposure to a basket of higher carry EM currencies with short positions in select low carry EM currencies. We also have long exposure to a number of DM currencies we believe are attractively valued, such as JPY, while maintaining short positions in other DM currencies where macro momentum is sluggish, such as CAD.

Source: PIMCO

PineBridge Asia ex-Japan Small Cap Equity Fund
Investment and Market Review

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The MSCI All Country Asia Pacific ex Japan Small Cap Index saw a 17.4% gain in the second quarter. The quarter was characterized by heightened market fluctuations as investors reacted to geopolitical disturbances in the Middle East and ambiguity surrounding global trade policies. Despite these initial concerns, the worst-case scenarios did not materialize in part due to the de-escalation of the conflict in the Middle East and delayed tariff implementation. In addition, resilient economic indicators helped equity markets across Asia end the quarter in positive territory. The new and unexpected trade tariffs announcement by the US government on April 2nd (“Liberation Day”) resulted in a significant downturn. Following the event, the scope of the proposed retaliatory measures by the global partners exceeded investor expectations, prompting a swift and broad-based market sell-off. Since then, the US government dialed back its stance by implementing a 90-day suspension of the retaliatory tariffs and being receptive to outline an agreeable trade deal with China. Korean and Taiwan equities were the biggest contributors to performance in the second quarter, aided by consistent investor interest in AI-linked themes and given their exports-oriented economic structure. Better AI demand visibility and improving hardware production yield improved the market’s sentiment across the AI hardware supply chain in Taiwan and Korea. Korea’s market gains were also driven by the stabilized political environment. The market is optimistic about the newly elected president’s commitment to revitalize the Korean equity market with more fiscal stimulus and value-up programs. Hong Kong and China also recovered ground amid an improving tone in US–China trade relations, following a mutual decision to scale back tariffs temporarily though consumer spending indicators suggested households remain cautious. In addition, enthusiasm around health care due to a major innovation in drug licensing deals and around stable coins given the global regulatory trend have been driving up the share prices of financials names.

The fund slightly underperformed (gross and net of fees) its benchmark, the MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index, during the second quarter. By geographic location, our stock selection in China detracted from the performance, while our stock selection in Taiwan and Korea contributed to the performance. By sector, our stock selection in industrials majorly detracted from the performance, while our stock selection in information technology and consumer staples contributed to the performance. By stocks a leading Korean-beauty Original Design Manufacturing (ODM) player has seen strong share price performance on the back of booming North American sales and improving China orders – a momentum that is likely to accelerate further in the second half of 2025 as its second US factory scales up operations. Another holding, a Taiwan-based company that specializes in the manufacture and sale of materials for printed circuit boards (PCBs), including copper clad laminates (CCLs), and mass laminates, outperformed as more ASIC AI project wins are expected to drive the sales momentum in the coming quarters with 15% capacity expansion in 2026. On the other hand, an Indian leading, diversified Indian Electronic Manufacturing Services provider underperformed after the market reacted to the founders' 5% stake sale through a secondary transaction. Another holding, a China-based company that mainly engages in the development, production and sales of relays, underperformed.

Market Outlook and Investment Strategy

Despite ongoing macro uncertainty, we see room for optimism through a selective, fundamentals-driven lens. In terms of opportunities in Taiwan and Korea, while we acknowledge the risk of a correction in the tech cycle in the second half of 2025, our focus remains on companies with structural growth drivers that

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can sustain healthy growth amid a potential moderation in demand after inventory pull forward in 1H25. We see demand for AI hardware remains strong and structural, with rising visibility into demand sustainability into 2026. On the other hand, original equipment manufacturers (OEMs) have come under pressure amid investor concerns over their vulnerability to US trade policy. However, with trade negotiation outcomes gradually becoming visible, the team believes efficient players with scale and operational agility are positioned to gain market share over time — even if they operate at lower margins in the near term. In this context, we remain positive over the longer term on companies that enable greater product innovation, customization, and production efficiency across the supply chain. For China, there remains a risk of moderation in the second half of the 2025 economy with continuous moderation in domestic consumption and some exporters front-loading demand before tariff implementation, while policy support was less than the equity market would like to see. That being said, we continued to identify companies that are able to deliver durable, strong growth thanks to self-help initiatives, as well as the ability to ride on changing demographics amid a lackluster macro environment. The team remains focused on disciplined, bottom-up stock selection, seeking fundamentally sound companies with long-term value creation potential.

Source: PineBridge

Principal Preferred Securities Fund

Investment and Market Review

The combination of tame inflation and constructive GDP growth expectations gave reason for the Federal Reserve (Fed) to wait longer on cutting rates. Chairman Jerome Powell pushed back on quicker cuts saying, “We think we should start to see the tariff impact on inflation in June and July...someone has to pay for it.” Indeed, global trade will be processing a paradigm shift, but nobody knows what the rules of the game will be yet. An upward inflation bias is likely and according to the chairman in his remarks to Congress, “The effects of tariffs will depend, among other things, on their ultimate level. For the time being, we are well positioned to wait to learn more about the likely course of the economy before considering any adjustments to our policy stance.” Credit spreads tightened as equity prices ignored the war only to make new highs on increasing confidence that Fed cuts are coming soon. The yield on the two-year note fell 16 basis points (bps) and 30-year bond yields rose 20 bps by the end of the quarter. Real rates on the front end of the curve (i.e., UST five-year Treasury Inflation Protected Security) rose 17 bps to 1.47% as the five-year implied breakeven inflation rate (i.e., the difference in yields between the five-year UST and the five-year TIPS) fell 33 bps to 2.31% suggesting the market’s buy-in to Chairman Powell’s patience on tariff implications. That notwithstanding, the Fed must still deal with the uncertainty of fiscal excess and trade policy not being aligned with its goal to sustain low inflation. Yet, the breakeven inflation rates in the U.S. treasury market remain reasonably contained so the treasury market doesn’t appear to care all that much. Indeed, the fiscal excess impelling unsustainable growth in the national debt is an “old” problem that needs to be resolved, but the new problem of trade tariffs and the redesign of “globalism” are paradigm shifts that will take time to play through markets once the rules to the game are known. The level of real rates will continue to depend on how and when the Fed decides to cut rates (and expand its balance sheet

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again). For now, the combination of continued (slow) balance sheet run-off (when Fed pulls currency out of the financial system by pushing refunded Treasury debt to clear in public markets), and ongoing deficit financing needs should keep real rates high—in other words, credit spreads though expected to widen as rates fall, should not bear-widen but rather bull-widen which is good for prices.

The PGIF Preferred Securities Fund ended the quarter at 2.37%, compared to 1.83% for the Bloomberg Global Aggregate Corporate USD TR Index, as of 30 June 2025.

Contributors

- The CoCo sector contributed 2.82% as a group and 0.82% to the portfolio.
- The Insurance Hybrid sector contributed 2.14% as a group and 0.61% to the portfolio.
- The LRCN sector contributed 2.84% as a group and 0.30% to the portfolio

Detractors

- The \$25 par Hybrid sector detracted 0.85% as a group and detracted 0.02% from the portfolio.
- The \$25 par Preferred sector detracted 0.88% as a group and detracted 0.00% from the portfolio.
- The Cash sector detracted 0.06% as a group and detracted 0.00% from the portfolio.

Market Outlook and Investment Strategy

- President Trump's further negotiations on tariffs have helped credit and equity prices recover materially and, in some cases, set new highs in June. The Administration's desire for change will be ongoing. We continue to believe that credit spreads bottomed out earlier this year and are now on a widening bias to trade higher than average as the tariff impacts become fully appreciated.

- The rates decline should be slower than the UST market seems willing to accept time and again—a look at the change in the Fed's "dots report" offers some insight as the median dot, though still on pace for two cuts this year, moved UP ¼ pt for next year and UP ¼ pt for 2027 indicating a committee view than inflation could be an ongoing sticky problem. So, two cuts have evolved to the base case this year but cuts over the next two-years should be shallower (well, at least from a Fed lead by Chairman Powell) than indicated by prior meetings.

- Indeed, the Fed is being adroitly "del-hawkish," which means that the committee's general view of inflation being elevated and sticky should cause friction with the target rate's speed of decline to its 3% longer-term objective. The implication is that the belly of the curve (i.e., the home front for NoCos and CoCos) has less downhill (yield) road to travel as inflation taps the brakes on the Fed's gravitational pull lower. We expect the curve to further bull steepen and for the base rate of our coupon resets (i.e., at the belly versus the UST five-year) to be sticky and elevated too— that's good for capital preservation and "more-good" for the absolute income growth of the broad sector. The retail sector is positioned as a strong absolute value and it stands out as a better Comprehensive Risk (i.e., relative value) than either of the two institutional sectors.

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Source: Principal

Robeco SDG Credit Income Fund

Investment and Market Review

Markets navigated a volatile but ultimately positive total return quarter. April's tariff shock triggered sharp risk-off moves, but sentiment recovered in May and June as trade tensions eased and macro data remained solid.

April was dominated by the US announcement of sweeping reciprocal tariffs, which hit risk assets hard.

The S&P 500 fell over 10% in two days, and credit spreads widened sharply, with spreads in high yield showing the most weakness. Initially bond yields rallied as markets feared an economic slowdown due to the tariffs. However, after a few days markets turned, sparking a sell-off in Treasuries, with 30-year yields rising almost 60 bps in a few days.

The volatility in risk assets and Treasury yields probably convinced the US government to announce a 90-day tariff pause. This helped to stabilize sentiment and was the start of a rally in credit spreads in the remainder of the quarter. At the end of the quarter spreads had retraced almost all their earlier losses.

While spreads rallied after the pause on tariffs, Treasury markets continued to be volatile. Concerns about the US fiscal situation resurfaced after Moody's downgrade. This mainly impacted the longer end of the US curve with 30-year yields rising well above 5% at one point.

Economic data continued to be robust during the quarter. Although some weakness persists in softer data, such as confidence numbers, hard economic data is showing no sign of a severe slowdown. This not only applies to the US, but also to Europe, and more broadly, to other economies, where growth is holding up better than feared after the tariff announcements.

On the geopolitical front the conflict between Israel and Iran escalated after the attacks on Iran's nuclear facilities. This led to a spike in oil prices on fears of further escalation, but there was limited reaction in financial markets. After the truce announcement oil prices dropped to earlier levels.

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Market Outlook and Investment Strategy

We find ourselves in a landscape marked by significant uncertainty regarding the global economy, government policies, and geopolitical events. As outlined by our Global Macro Team in their June outlook Get used to it, the ongoing uncertainty surrounding tariffs and trade is likely to hinder global growth, particularly in the US. The June Credit Quarterly Outlook, Stranger than Fiction, also highlights additional risks on the horizon. With credit spreads returning to historically tight levels across most markets, current valuations offer limited protection against negative surprises. While the market appears to be overlooking adverse news at present, this could shift, reminiscent of early April when spreads unexpectedly widened.

Our top-down risk positioning remains cautious, with a focus on carry and roll down strategies. We favour instruments with shorter spread durations, as they are less susceptible to potential market repricing. Although we anticipate some weakening in growth, we do not foresee a deep recession, and credit fundamentals in investment grade and higher-quality high yield names currently appear robust. Shorter spread duration instruments in BB-rated bonds and subordinated bank bonds continue to present attractive carry opportunities. Similarly, in emerging markets, shorter spread duration instruments, particularly in BB ratings, offer appealing carry prospects.

Volatility in Treasury yields is likely to persist, as markets remain uncertain about the pace of future Fed cuts. While markets are pricing in several cuts over the next 12 months, we believe the overall change in the Fed rate will align with market expectations. Given our concerns about the fiscal plans of the US government, we prefer to avoid exposure to longer-dated Treasuries, which provide minimal diversification benefits in the current environment. Consequently, we maintain a slightly lower duration position within our 3-5-year target range.

Source: Robeco

Robeco Global Consumer Trends Fund

Investment and Market Review

The Federal Reserve maintained the federal funds rate at 4.50% and has now kept its benchmark interest rate flat for four consecutive meetings. So far, chairman Jerome Powell has refused to bow to demands by President Trump to cut interest rates. The central bank lowered its estimate of economic growth in America to 1.4%, while Investors have priced in two rate cuts before the end of the year as inflation has moderated and the labour market has shown signs of weakening. The Federal Reserve has indicated it wants to see the impact of tariffs on the U.S. economy before making a decision. Besides the Federal Reserve cutting growth expectations, the World Bank also cut its estimate of global growth in 2025 because of trade-related headwinds caused by tariffs. The world economy is now expected to expand by just 2.3%.

The unrest in the Middle East flared up again, but at the insistence of President Trump a ceasefire was agreed after 12 days. The truce was forced by the American deployment of so-called bunker-busters, a type of bombs used to penetrate targets buried deep underground, on Iranian nuclear facilities. Iran

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retaliated by firing rockets at the American military base in Qatar, but apparently with enough of advance warning to both Qatar and United States to avoid casualties. Oil prices were very volatile last month, reaching highs around the \$80 mark before plunging to the current level of \$68 as the tensions eased.

The increased global tensions failed to dent the momentum of equity markets though. The S&P 500 Index jumped another 5% in June and closed off the first half at a new all-time high. The tech heavy Nasdaq Composite Index surged 6.6% led by heavyweights like Nvidia and Microsoft. The dollar continues to weaken and dropped 3.9% for versus the euro, the sixth straight month of losses. The Euro Stoxx Index of major European companies dropped 0.8%, reflecting the earnings impact of the weaker dollar on European corporate profits. In Japan, the Topix Index gained 1.8% while emerging market stocks continue to gain. The high correlation between the MSCI Emerging Markets Index and the dollar continued, with the sixth straight month of gains bringing year-to-date returns (in USD) to 13.7%.

Robeco Global Consumer Trends lagged the index last month and dropped 0.1% (+3.3% in USD) compared to the MSCI AC World Index gain of 1.1% (+4.5% in USD). The strategy has now delivered year-to-date returns of -1.8% in EUR (+11.4% in USD), markedly better than the MSCI AC World Index of -2.9% in EUR (+10.0% in USD).

Market Outlook and Investment Strategy

Given the uncertain macro and geopolitical climate, our quality growth style seems well suited for the current investment climate. We believe long term investors should focus on high quality businesses with valuable intangible assets, high margins, and superior returns on capital. Companies with these traits have historically delivered above average returns while offering downside protection. These firms are also poised to deliver healthy revenue and earnings growth, and we expect them to generate attractive long-term returns as a result.

We believe premium valuations for these businesses are justified given the quality of their business models, the high levels of earnings growth and the sustainability of their franchises.

Source: Robeco

Schroder Asian Dividend Maximiser Fund

Investment and Market Review

The fund aims to provide an income of 7%1 p.a. via a call option overlay and an actively managed Asia Pacific (ex-Japan) equity portfolio. The MSCI AC Pacific ex Japan NR index posted strong gains in June in USD terms. The fund was also up, lagging the MSCI AC Pacific ex Japan index, but slightly outperforming the MSCI AC Pacific ex Japan High Dividend Yield (Net TR) index. Drivers of fund performance

The underlying equity portfolio delivered a positive return, but underperformed the MSCI AC Pacific ex Japan Index (comparator index). At the regional level, both stock selection and allocation detracted from performance. Stock selection was particularly weak in Korea, Taiwan, China, and Australia. Allocation had a negative impact primarily due to an overweight position in Singapore and underweight exposure to Korea. However, the underweight in China provided a partial offset. From a sector perspective, stock

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selection in information technology and financials were the main source of underperformance. This was partially mitigated by a beneficial underweight in consumer discretionary. While continuing to generate the enhanced income, the options were negative for performance in June in mark-to-market terms, weighing -0.23% (reflecting expired options and those yet to expire). This was well within expectations, however, given the gains in the underlying equity positions. When measured in net cash terms (reflecting only expired options), the options weighed -0.21% as two tranches expired. A total of 76 option positions were sold across the two tranches, of which 26 finished above their strike prices (requiring a settlement). Singapore Telecom, Telstra, NAB and KB Financial were among the stocks to finish in-the-money. We had notional decisions in place on all of these. As such, while we had to make settlements, we were being cautious around these names and were able to capture a greater share of the increase than if the stocks had been more fully overwritten.

Market Outlook and Investment Strategy

June was another strong month for Asian equity markets, with the regional index rising to its highest level in more than three years. After the sudden sell-off in April, markets have benefited from a continued rebound in risk appetite globally. They have moved to price in a medium-term scenario in which tariffs remain close to current levels – i.e., still uncomfortably high and disruptive to trade flows, but unlikely to tip the US economy into recession later this year.

Given the still uncertain backdrop, Asian currencies have strengthened in recent weeks against the dollar. If this were to continue as the US Federal Reserve potentially starts to cut interest rates – which the market expects in the second half of the year – then the liquidity backdrop for regional markets would be much improved, supporting valuations.

Within China, we would expect to see further supportive policy measures in the coming weeks and months to try and counter the drag on GDP growth from weaker exports later this year. Although the economic backdrop in China remains fragile, and the export slowdown could exacerbate deflationary forces, China has more policy flexibility than many regional economies to help soften the blow. Furthermore, the enormous breadth of the local equity market offers a greater range of bottom-up opportunities than most other markets. We remain underweight China, albeit partly offset by an overweight to Hong Kong. – Confidence has improved in recent weeks on the outlook for AI-related capex on new data centre infrastructure around the world, as leading US cloud service providers reiterated their spending forecasts for 2026. This could provide further support for semiconductor demand and associated infrastructure in the coming years. Among export-oriented stocks, our focus remains on companies that demonstrate clear market leadership, product innovation and pricing power. Where valuations are compelling for best-in-class exporters, we will add to positions, with a view to a longer-term recovery in share prices, as the tariff impact gradually fades, and the underlying growth of these companies reappears.

Aggregate valuations for regional equities are slightly above longer-term average levels and are no longer pricing in much downside risk from a global slowdown or serious tariff war; however, they are not expensive either. Turning to dividends, payout ratios remain reasonable and underlying earnings are looking positive, which could lead to corresponding growth in local dividends. Perhaps a bigger unknown is the outlook for currencies. We continue with our bottom-up investment approach and look for good

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companies where we can clearly see a strong income case and the potential for capital growth, while remaining disciplined about valuations. We remain heavily underweight China, although we are overweight Hong Kong which offsets this to some extent. We are also overweight Singapore. Sectorally, our largest overweights continue to be real estate, financials, and consumer staples. The largest underweights remain consumer discretionary, industrials and health care sectors. – Turning to the option overlay, we continue to be cautious in the overwriting given the propensity for significant short-term share price swings. We are continuing to see attractive pricing for the single-stock options that we sell and continue to actively manage the overlay - through our competitive auction process, we are looking to pinpoint pockets of relative value. This includes carrying out in-depth stock-by-stock analysis prior to each auction trade, and being active during the auction to remove names, at point of trade, where we feel the options are not being competitively priced.

Our caution means that many of the stocks are either partially overwritten, or not overwritten at all. In aggregate, less than 60% of the fund's NAV is currently overwritten. As such, the fund can capture upside up to the level of the individual strike prices on the 40% without options. Through this active approach, we are looking to deliver the enhanced level of income, while positioning the fund to participate strongly in any periods of rebound.

Source: Schroder Investment Management Limited

Schroder Asian Growth Fund

Investment and Market Review

Asian equities posted solid gains in Q2, supported by weakness in the US dollar. Although markets were initially unsettled by President Trump's sweeping "Liberation Day" tariffs in April, the subsequent 90-day pause helped calm investor fears and allowed shares to rebound. Equity markets continued to perform well during May and June, with progress in US-China trade talks providing a supportive backdrop for the region. In this context, top-performing markets included Korea, Taiwan, and Hong Kong. Korea delivered strong double-digit returns (in US dollar terms) over the quarter as political instability subsided following the election of Democratic Party candidate Lee Jae-myung in early June. Taiwan also advanced, continuing to benefit from investor optimism about artificial intelligence. Hong Kong ended the quarter in positive territory, buoyed by strong southbound flows and a busy IPO pipeline, which lifted risk appetite amid easing geopolitical tensions. By contrast, India underperformed due to ongoing growth concerns and stretched valuations, which continued to weigh on the market. China posted a small positive return for the quarter, as the market saw a correction in the early part of the period amid escalating tariff threats between the US and China. However, a more conciliatory approach was eventually taken, helping to support Chinese shares. Weak domestic economic data, however, remains a key overhang on investor sentiment.

Asian equities kicked off the second quarter with sharp declines across markets as the US unveiled its "Liberation Day" tariffs, upending long-standing global trade frameworks. Subsequent moderation in tariff concerns, coupled with softer US inflation and dovish comments from the Fed, drove US treasury yields

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lower, weakening the greenback and resulting in positive net flows into Asia. Against this backdrop, the fund rose but underperformed its target benchmark. At the regional level, stock selection in India was notably positive. Conversely, a positive allocation impact from China and Hong Kong was more than offset by negative stock selection in the two markets, while an underweight position and weak stock selection in Taiwan also detracted. Sector-wise, positive stock selection in health care and an overweight in industrials contributed positively, while stock selection in communications and industrials was among the key detractors. At the individual stock level, Korean electrical component manufacturer Hyundai Electric outperformed on the back of a robust order backlog. The company remains a key AI beneficiary amid a structural upcycle in power equipment, with limited capacity expansion across the industry. Elsewhere in Korea, Hanwha Aerospace's share price rose with strong orders from Poland, further boosting potential earnings upside, while the defense sector continues to see a positive earnings cycle amid rising government demand and defense budgets globally. Within health care, China's Innovent Biologics delivered a robust return as the company unlocked global potential with next-generation immunotherapy and oncology assets. The company also remains a domestic leader in GLP-1 obesity drug development, with a 2025 commercial launch expected to drive significant valuation upside. In India, logistics and supply chain company Delhivery was a key contributor, delivering strong returns following its announcement to acquire its peer Ecom Express. The acquisition was welcomed by investors due to the potential benefits from economies of scale and network consolidation for the company. Meanwhile, the fund's nil exposure to PDD added to relative performance. The Chinese e-commerce platform declined following a major miss on 1Q25 profitability, and its aggressive ramp-up of a merchant support programme is likely to prompt further earnings downgrades, while tariff uncertainty remained an overhang for its US business, Temu. On the negative side, our HK-listed export names were among the key detractors. Power tool maker Techtronic Industries declined amid ongoing uncertainties around US tariffs, especially following the hawkish announcements on "Liberation Day," which turned out to be more aggressive and included many more countries than the market had expected. Similarly, luggage maker Samsonite detracted given potential tariff impact on its Asian production bases, while a slowdown in key major economies also weakened the outlook for international travel demand, weighing on its stock price. In India, retail mall operator Phoenix Mills traded lower due to sluggish consumption growth at its legacy malls, impacted by ongoing revamps, renovations, and tenant turnover. In China, internet giant Tencent ended the quarter lower amid ongoing macro uncertainties and concerns over volatility in US-China relations, which raised the overall market risk premium. Hotel operator H World also finished the quarter negative in the face of a decline in RevPAR amid broader macro weakness in China. This was despite the company reporting quarterly results that were in line with expectations and stronger than peers.

Market Outlook and Investment Strategy

June was another strong month for Asian equity markets, with the regional index rising to its highest level in more than three years, taking gains for the first half of the year to almost 15%. After the sudden sell-off in April, markets have benefitted from a continued rebound in risk appetite globally. This is despite the continued uncertainty over US tariff policies and heightened geopolitical risks in the Middle East, which triggered a spike in oil prices during the month. The strength in equities was helped by renewed optimism

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towards the AI theme, with leading AI chip supplier Nvidia reaching new highs, and large-cap technology stocks leading market gains in many countries, particularly Korea and Taiwan. After a long period of US equities and broader US asset markets benefitting from strong global inflows, helping drive their outperformance against global benchmarks, there has been much discussion recently about an end to “US exceptionalism”, and a need for investors to diversify their portfolios more globally to reflect the apparently less market-friendly and unpredictable nature of current US policymaking. The Budget Reconciliation Bill (Trump’s “big, beautiful bill”) that was recently passed in the US Congress has also heightened concerns about rapidly rising US government debt levels, which appear less sustainable against a backdrop of high interest rates. However, despite concerns about government spending, the negative impact of higher tariffs on global growth, US inflation, capital flows and bond yields, among others, equity markets have rallied in recent weeks, with the S&P 500 index marking new all-time highs. This reflects hopes that, despite all the recent headlines, the US administration will ultimately adopt a more pragmatic approach to trade policy, while the proposed tax and spending packages will support domestic US growth. The adverse reaction of the dollar and bond markets to the initial tariff proposals is seen as a primary motivator for Donald Trump’s recent moderation in tariff rates. Markets are now assuming that some guardrails are in place to limit the more extreme potential policy outcomes. Meanwhile, the initial tariffs have only been suspended for 90 days until 9 July, rather than formally abandoned, and duties are still well above levels at the start of the year. However, markets have moved to price in a medium-term scenario in which tariffs remain close to current levels – i.e., still uncomfortably high and disruptive to trade flows, but unlikely to tip the US economy into recession later this year. More positively, against this uncertain backdrop, Asian currencies have strengthened in recent weeks against the dollar. If this were to continue as the US Federal Reserve potentially starts to cut interest rates – which the market expects in the second half of the year – then the liquidity backdrop for regional markets would be much improved, supporting valuations. The North Asian markets of Korea and Taiwan were the strongest performers during the month, with technology stocks leading the way, tracking gains seen in Nvidia and other AI-related stocks. Confidence has improved in recent weeks on the outlook for AI-related capex on new data centre infrastructure around the world, as leading US cloud service providers reiterated their spending forecasts for 2026, and several large new “sovereign” AI projects have been announced by different government-related entities. These could provide further support for semiconductor demand and associated infrastructure in the coming years. The Korean market has also benefitted from improved domestic sentiment following the presidential election in early June, where opposition party leader Lee Jae Myung won a clear victory, bringing hopes for more decisive policymaking and improved corporate governance. This election followed the impeachment and removal of former President Yoon Suk Yeol in April 2025, following his controversial attempt to impose martial law in December 2024. After something of a policy vacuum in recent months due to the ongoing political upheaval, the new government has more policy flexibility. It is expected to announce measures to support domestic demand and table reforms to the Commercial Act that would increase the fiduciary duties of directors, among other things. Alongside other ongoing corporate governance-related reforms, changes to the Commercial Act could encourage more shareholder-friendly behaviour from Korean companies and, over time, help reduce the equity market valuation discount compared with global peers. Relations between China and the US remain tense, despite the recent de-escalation on tariffs. Much still depends on the ability of the two presidents to reach some form of accommodation that can prolong the current

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“truce” over the medium term. Within China, we would expect to see further supportive policy measures in the coming months to counter any drag on economic growth from weaker exports later this year. Fiscal deficit targets have already been increased in 2025, providing a modest stimulus to the economy, with policymakers still committed to their 4.5% growth target this year. In addition, we have seen targeted consumer subsidies to encourage spending, further rate cuts, and the continued easing of policies to help support the residential property market. More of the same is likely as the impact of tariffs becomes clearer. Encouragingly for the medium-term outlook, we have started to see the first signs of a bottoming-out in the property market in tier-one cities, with a pick-up in volumes and prices. If this is sustained, then the inventory overhang in these higher-profile markets will be normalised in the coming quarters. This could underpin expectations for healthier markets over the medium term, helping support consumer confidence and spending. Business confidence may also have seen a positive shift at the margin, with the recent high-profile move by President Xi to endorse the role of private sector technology entrepreneurs in driving growth in the economy. Although the economic backdrop in China remains fragile, and an export slowdown could exacerbate deflationary forces, China has more policy flexibility than many regional economies to help soften the blow. Furthermore, the enormous breadth of the local equity market offers a greater range of bottom-up opportunities than in most other markets, and we continue to see value in our preferred holdings. Among export-oriented stocks and within the technology sector, our focus remains on companies that demonstrate clear market leadership, product innovation and pricing power. These are the businesses that will likely have greater scope to pass on tariff costs, protect market share and margins, as well as sustaining growth. Even under the weight of higher tariffs, it is not realistic for many industries to relocate to the US, and Asian suppliers will retain significant market share. Where valuations are compelling for best-in-class exporters, we will add to positions, with a view to a longer-term recovery in share prices, as the tariff impact gradually fades, and the underlying growth of these companies reappears. With the recent recovery in markets, aggregate valuations for regional equities are slightly above longer-term average levels and are no longer pricing in much downside risk from a global slowdown or serious tariff war. Following the rapid bounce after the US cut tariffs, the direction of markets is likely to be dependent on: the decision on US tariffs when the current moratorium on higher reciprocal levies expires; whether US economic growth can hold up heading into next year; and whether China follows through with supportive policies to boost domestic demand. Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see very attractive longer-term opportunities across Asian equities. Our preferred stocks have strong financial positions – they typically have net cash on their balance sheets – to cope with any short-term disruptions. Additionally, “self-help” measures are increasingly evident as buybacks and dividend payouts rise across almost all regional markets.

Source: Schroder Investment Management Limited

Schroder Asian Income Fund
Investment and Market Review

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The rebound for Asian equities continued in June, driven by easing trade tensions between the US and China, as well as widespread relief over cooling Middle East tensions. The weakening of the greenback over the month was also a particular tailwind for Asian equities. Korea was the standout top performer and achieved double-digit returns as political instability subsided following the election of a new president in early June. Taiwanese equities also delivered strong gains, benefitting from investor optimism about artificial intelligence. On the other hand, Indonesia and Thailand equities lagged due to disappointed retail sales and mixed economic signals. Overall, the MSCI Asia Pacific ex-Japan gained +4.3% in SGD terms over the month. In terms of fixed income, the US Federal Reserve kept its policy rate unchanged at 4.25% to 4.50% for the fourth consecutive meeting as policymakers took a cautious stance to evaluate the economic impact of President Trump's policies, particularly those related to tariffs and taxation. As of end-June, the US 10-year Treasury yield declined to 4.22% from 4.40% a month prior. On the credit front, Asia credits performed with remarkable resilience amid global uncertainties, supported by a robust technical backdrop of high all-in-yields and relatively low net issuance. For a reference, the JP Morgan Asia Credit Index rose +1.0% in SGD hedged terms.

Over the month, the Fund returned +2.6% net of fees. For reference, the fund trailed the reference benchmark due to underweight allocation to selective names in Korea and Taiwan which did well. The equity portfolio continued to deliver strong return over the month, with positions in Korea, Taiwan and China contributing the most to performance. In Korea, our exposures to automakers and leading financial names had strong gains, supported by strong foreign inflows amid optimism about the country's economic transformation. Our position in Taiwan semiconductors continued to recover from April's sell-off as revenue growth from US AI companies showing insatiable demand. On the contrary, share prices of Australia mining companies were weighed down by the pressure of declining iron ore prices and slowing economic growth. The fixed income portfolio also contributed positively, benefiting from tightened credit spreads and declined treasury yields. Our exposure to investment-grade Japan life insurance bonds saw positive contribution due to increased insurance business growth and investment yields. Credit spreads for high quality financial bonds across Korea, Indonesia and India further tightened given their stable credit fundamentals. The performance was slightly detracted by the losses in a Chinese consumer company as investors raising concerns over its expansion of international e-commerce business. In terms of futures overlay, our long Korea equities benefited from the new government which promised regulation easing and more shareholder friendly policies. Our long Taiwan equities also added value as the broad market rallied on renewed optimism regarding AI capex and easing in trade concerns. Elsewhere, our exposure to catastrophe bonds continued to generate positive returns.

Market Outlook and Investment Strategy

As of June-end 2025, the net exposure to Asian equities was at 54.4%, while Asian bonds and global allocation were at 30.5% and 12.1% respectively. Over the month, we added back to Asian equities through our overlays. We closed Indian equity hedge and added to China (1.0%) and Taiwan equities (1.0%) following the confirmation of US-China trade calls. We also initiated long Korean equities (3.1%) given the improved trade environment and reduced political risks. On the other hand, we closed long Singapore equities to take profits. Elsewhere, we diversified our USD-denominated Asian credits to SGD investment grade corporate bonds (1.0%). As of end-month, we held hedges on CNH, AUD, and USD. The net exposure

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to SGD was at 44.0%, while HKD and USD was at 30.2%. Outside of Asia, we partially rotated from our Asian credit allocation to emerging market local government bonds (3.0%) for diversification. We also trimmed US technology equities (3.6%) and closed goldminers equities to take profits given their solid recovery recently. To counterbalance the risks that we are taking in the portfolio, we continue to own catastrophe bonds (4.6%) as a portfolio diversifier and yield enhancement. While the tariff news continues to sway in multiple directions, compared to “Liberation Day”, the outcomes on trade so far are consistent with our baseline expectation. Economic uncertainty persists, and we need to monitor the impact of this uncertainty on corporate behavior, but some of the downside risks are more limited in nature. Consequently, we believe the risk of recession this year is diminished. In Asian equities, positive breakthrough over US-China trade deal, coupled with improving forward earnings growth in the region, can provide a foundation for potential growth in Asian markets. Attractive valuations and a weaker US dollar could also provide a supportive backdrop.

Over the past month, we added to growth-oriented sectors to capture the recovery and V-shape trajectory in Asian markets. We added to a Korean electronic product producer at a cheap price level and expected the share price to recover amid ‘Value-Up’ programme in Korea. We also initiated new position in a Taiwanese AI personal computer company owing to its platform collaborations with multinational corporations, which should provide the basis for a potential rerating. Conversely, we took profits in Hong Kong financial and India utilities to fund other purchases. We also trimmed a Chinese e-commerce platform due to heightened business risk from increasing competition. While tariff and broader policy uncertainty may remain as the principal concerns for Asian investors, there is potential for equity flows to be supportive in the region, as a weak US dollar and an unwinding of ‘US exceptionalism’ could lead to a re-allocation to Asian equities. The weak dollar and easing currency pressures also open the door for local central banks to ease monetary policy to address softening domestic activity. Sentiment towards China will likely remain supportive by AI breakthroughs, but the market will need to see fundamental improvements in the broader economy before sectors outside of the thematic areas can re-rate. In Korea, the improved political landscape, corporate governance reform and attractive valuations suggest more upside potential. Across the rest of the region, we still prefer markets such as Singapore, Hong Kong, India and Australia for dividend investing that offers potential for improved capital management and shareholder returns.

In June, we continued to improve our credit quality as the sell-off in April has made valuations more attractive and all-in yields remain attractive. Over the month we rotated from Indian high-yield utilities to Korean and Australia investment grade financials. We also participated in new issues of Japan financial bonds, which offer attractive carry for its credit quality. Overall, we remain comfortable with the portfolio’s current credit quality, which is primarily in investment grade bonds. Amid persistent rate volatility, we prefer to stay nimble in duration positioning. The overall portfolio duration was maintained at 1.9 years. Looking ahead, consumer sentiment showed signs of improvement as the recent de-escalation of trade tensions with China fostered a more optimistic outlook among consumers. However, recent data highlighted potential headwinds for the economy, and the ongoing uncertainty in trade policy kept the Fed from adjusting rate urgently. In this context, we prefer domestically oriented markets such as India, Australia and Japan, which are expected to show resilience amid global volatility. In China, we

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continue to favor sectors and companies that are more insulated from global trade or benefit from localization and self-sufficiency trends such as selected internet platforms, technology and consumer names. Should China local rates continue to fall, Chinese onshore buying of USD-denominated China credits may resume in force, which will be supportive of technicals. Overall, our portfolio remains anchored in high-quality carry while seeking interesting idiosyncratic stories within high yield. We favor segments such as Australia, Japan and South Korea Financials in Investment Grade, India Renewables and Macau Gaming in High Yield.

Source: Schroder Investment Management Limited

Schroder ISF Global Equity Alpha Fund

Investment and Market Review

Global equity markets advanced in June, overcoming mid-month volatility driven by geopolitical tensions in the Middle East. The fund outperformed the MSCI World index over the period. Drivers of fund performance

Holdings in communication services, consumer discretionary, and industrials added value, while those in healthcare and information technology weighed on returns. By region, allocations to North America, the emerging markets, and Pacific ex-Japan contributed most to returns. Communication services holdings, Netflix, Spotify, and Meta were among the top performers. Technology holdings KLA, Arista Networks, and TSMC also contributed positively. Nvidia, Haleon, and Visa were among the biggest individual detractors. Our zero-weight allocations to Oracle and Amazon were a headwind over the period.

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 nearterm, which may create shorter-term dislocations and opportunities as an active manager.

Source: Schroder Investment Management Limited

Schroder ISF QEP Global Quality Fund

Investment and Market Review

The QEP Global Quality strategy outperformed during a volatile quarter dominated by US policy and heightened geopolitical tensions. At a high level, contributions to outperformance were broad based across both regions and sectors. Whilst the strategy's focus on higher quality was rewarded during the

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early quarter market turbulence, preferred structural growth names and higher beta pockets supported performance across May and June as markets made a 'V-shaped' move back to all-time highs. Specifically, holdings in technology (application software) and industrials (manufacturing, defence & aero) were additive, driven by positive stock selection. Exposure within more defensives was also beneficial in the healthcare, consumer staples and utilities sectors. In particular, avoiding weakness in health providers and food manufacturers was rewarded. Detractors were muted over the quarter, though lagging stock selection in the banks group was a small drag during the period.

Entering the second quarter, we had bolstered our exposure across defensives with a bias in the portfolio towards higher quality. While our broad view was a more volatile year ahead, this proved favourable almost immediately, as markets reacted sharply following the announcement of President Trump's trade policy ambitions. At a high level we remained highly disciplined over this period, taking advantage of price moves, especially where selling was indiscriminate following 'Liberation Day' led volatility. More specifically, this allowed us to top up on higher quality and structural growth US names, especially across technology, whilst taking profits in those defensive areas we had previously leant into e.g. across consumer staples and select utilities. Similarly, we looked to lock in profits in those areas performing strongly with life and health insurers trimmed through the quarter.

Leading into the third quarter, the largest portfolio overweights were within technology, industrials and communications. Our focus remains on targeting the best-in-class quality opportunities that trade on attractive valuations. The key underweight in the strategy is now within consumer discretionary (across autos and apparel) and financials (mainly EM banks) where we are highly selective in our exposure. Finally, whilst we trimmed across technology in Q1, we finished the second quarter with the sector overweight, focusing on companies with strong fundamental characteristics where valuations have become more palatable. From a regional perspective, the largest relative exposure was to the US while the allocation to Europe has been reduced (albeit we remain overweight), having bought into US weakness following the early-quarter volatility. The strategy finished the quarter with overweights in the US and Europe, with underweights to the UK and Japan alongside Emerging Markets where quality is more challenged.

Market Outlook and Investment Strategy

At the outset of 2025, consensus expectations were unusually aligned: continued US equity market leadership driven by Big Tech, USD strength, and a modest economic deceleration that would still allow the Fed to cut rates two or three times. While valuations were elevated by historical standards, robust earnings growth and superior profitability were seen as justifying the premium. In essence, investors anticipated a continuation of the 2023–2024 playbook, underpinned by the assumption that American exceptionalism would persist. The main disruption to this outlook has come from the breadth of President Trump's trade policy ambitions. While tariffs were expected, the rates announced on "Liberation Day" (April 2nd) far exceeded forecasts. The current effective US tariff rate stands near 15%, up from a pre-2025 average of just 2.5%. While some progress on trade framework has been made with China and the UK, a deal with the EU appears unlikely in the near term, meaning that clarity on final tariffs is unlikely to be resolved in the near term. There is the possibility that the US Supreme Court rules against universal

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and reciprocal tariffs, but the response would instead be sector-based tariffs. According to the latest Bank of America survey of investors, the market expects the final tariff rate to settle at 13%, broadly in line with the 10% baseline tariff announced on Liberation Day plus a variety of specific sectoral levies. The impact of this will predominantly fall on both US firms and consumers as higher input costs are passed through. According to the OECD, these tariffs may also cut 0.3-0.5 percentage points from global GDP growth due to lower trade volumes whilst adding 0.5-1% to US inflation in year one. Irrespective of the final tariff configuration, higher trade barriers are likely to generate a temporary stagflationary impulse, elevating input costs and weighing on growth. While this dynamic alone may not derail central bank easing cycles, it complicates the policy response at a time when inflation persistence remains a concern. Understandably, the Fed appears cautious, reflecting both data dependence and uncertainty over Trump's policy direction. With US recession probabilities now sitting around 35–40% for 2025, downside risks appear underappreciated, particularly given the likelihood of a synchronised global slowdown. Despite the tariff shock, equity markets have proved supremely resilient. The S&P 500's rebound was swift and broad-based, regaining pre-announcement levels within two weeks and reaching new highs by quarter-end. Notably, the rally extended beyond the mega-cap cohort, with broader market participation reflecting improved earnings breadth. Historically, recoveries of this speed and scale have often marked durable turning points, but such momentum is more typically observed following deep market lows, not late-stage bull markets. The late 1990s "reset" (mid 1998) may be a good case study from the limited sample of similar historical occurrences as, like now, the US index then was also dominated by a handful of winners. It took almost two years and a 50% gain for the S&P 500 before the market peaked. The risk of a "last hurrah" and a bubble forming should not be ruled out now, particularly if the dominant secular winners of recent years are regarded as the safest place to hide. Much will depend on whether these winners are able to sustain superior or at least stable earnings growth. That was not the case in the late 1990s (although it took investors some time to realise this), but this time may be different given the potential transformative impact of AI. However, we also know that not all the technology facilitators of the dot.com era went on to reap the benefits. In particular, the massive over investment in telecom infrastructure is a salutary lesson to be skeptical of the hype given their subsequent poor performance. In terms of market sentiment and what this means for the short-term outlook, positioning data suggests that investors are still cautious but not nearly as bearish as they had been at the start of the quarter. As extreme bearishness is usually a contrarian signal, the current lack of oversold indicators amid heightened geopolitical uncertainty could well offset any supportive tailwinds from the macro data and robust earnings, should they continue. The rapid recovery from early April also means that valuations are stretched again, particularly for the US market. This is despite a broadening of earnings growth away from the Mag-7 stocks, which are increasingly being driven by stock specifics rather than the 'FOMO flows' which have dominated the past decade. Equity markets often climb a wall of worry, but this heuristic will be tested if earnings do not hold up. We are also back to wartime levels of debt in most major western economies without the potential of a post-war payback. High levels of debt-to-GDP have historically weighed on growth due to crowding out and placed upward pressure on bond yields. It isn't that surprising that US bond yields have edged up despite the Fed being in a broader easing cycle as the term premium has become the main determinant of yields. In terms of what this means for equities, the earnings yield on the S&P 500 is now below Treasury yields, meaning that there is no benefit of taking on the additional risk of owning equities unless you have confidence that earnings growth will follow.

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One course of action would be to move outside of the US. Investors have not needed to be overly concerned about regional diversification for the past decade but what has also become clearer this year is that the current unpredictability of US policy making has dented the case that American exceptionalism will continue. The dominance of the US, and the Magnificent-7 in particular, has led to a wider variation in the valuation between winners and losers. It's not unusual for relative valuations to remain stretched for protracted periods, but the underperformance of US equities so far this year, mostly to the benefit of Europe, does demonstrate the benefit of seeking broader opportunities. The catalyst for rotation appears to have been a newly galvanized EU in response to Trump's America first policy as well as greater confidence in China's growth prospects. US dollar weakness and the fading power of rate differentials has further fuelled the arguments for diversification. So far, investors have not been particularly active in moving their allocations away from the US but the case for regional diversification remains compelling. Equally, there appears to be more interest in moving down the size spectrum. This is not surprising given that the market cap of the mega-cap stocks in the US are close to a half-century high whilst the rest of the S&P 500 is almost back to the 50 year low touched in the late 1990s. Nevertheless, we still have reservations about the balance sheet strength of many small companies. Instead, more Mid and Large cap stocks appear to sit in the sweet spot of affordable quality. But despite the attractiveness of such diversification, against the backdrop of slowing growth, we would also not rule out the late 1990s scenario that markets return to the narrow and unhealthy leadership of Big Tech/AI with a buy on the dip mentality taking indices to new highs. Whether it can sustain these highs will again depend on the strength and concentration of earnings growth across the market. A bout of stagflation, even if temporary, is usually regarded as the worse of all worlds for equities due to the combination of slower growth and a squeeze on margins at a time when policy makers are constrained in their ability to cut rates. However, Schrodgers analysis of equity market performance since 1926 suggest that this rule of thumb hides a great deal of nuance. It is true that stocks perform worse during inflation than at other times, but the difference is not statistically significant. Historically, equities have outperformed cash and kept pace with inflation during such periods. There can be lower conviction of strong returns but predicting doom is also not appropriate. Moreover, good performance in stagflationary periods is not dependent on the market having fallen beforehand. Nor are rate cuts a necessary ingredient, which should provide some comfort to equity investors today. Performance during stagflation also varies a lot between sectors, and across historical episodes but defensive areas have typically performed better whilst more cyclical sectors such as technology, consumer discretionary and financials have struggled. Resources have also performed well historically but this is because high commodity prices have often been a driver of inflation. At the risk of being reductive, we would posit that the current market backdrop will lead to greater variation in performance at the company level. Balance sheet resilience and pricing power will be important. What we can say with some degree of certainty is that this all implies that volatility is likely to return with a good probability of sharp short-term corrections. This lends itself to an ongoing focus on Quality within our stock selection process, particularly on company financial strength, whilst avoiding overpaying. We are also well placed to benefit from elevated uncertainty due to our disciplined approach to rebalancing, which effectively enables us to harvest excess short-term volatility. Similarly, the breadth of our investment universe will be a tailwind in an environment where the dispersion of stock performance is greater. In summary, while equity resilience has been notable, starting valuations may limit the room for further re-rating. Much of the good news appears to already be reflected in prices. Going forward, market

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returns are likely to be driven more by alpha than beta. With the Q2 earnings season approaching in mid-July, we will soon gain greater clarity on how companies are managing rising input costs, policy uncertainty, and divergent global demand. This environment favours a disciplined, valuation-aware approach with an emphasis on quality and diversification.

Source: Schroder Investment Management Limited

Schroder ISF Taiwanese Equity Fund

Investment and Market Review

Taiwan's market rebounded sharply in the second quarter and strongly outperformed other Asian and emerging markets in aggregate. After struggling in the first quarter due to tariff fears and doubts about AI hardware demand, the market rallied strongly on renewed optimism regarding AI capex and an easing in trade concerns. The fund produced a positive return, but underperformed the benchmark index over the period.

Weak stock selection was the key factor behind the negative relative returns. It was weakest in information technology. Sector allocation detracted, but only slightly. While the underweight to materials proved to be beneficial, the overweight to communication services weighed on performance. The fund's cash position was also a negative as stock prices surged. On a stock basis, the top-performing positions were Aspeed Technology, Chroma ATE and Elite Material. The weakest performers were the underweight to TSMC, and the overweight holdings in E Ink Holdings and Merida Industry.

We purchased stakes in Quanta Computer and Lite-On Technology as we believe both stocks will benefit from resilient AI server demand. We also added Gold Circuit Electronics as a beneficiary of rising demand for AI server printed-circuit boards. We sold shares in Hon Hai Precision due to the strengthening New Taiwan dollar which will likely negatively affect its exports. We reduced the stake in TSMC as it came close to its 10% holding limit, while we also took profits in Chunghwa Telecom.

Market Outlook and Investment Strategy

Taiwan's market remains significantly influenced by the performance of technology stocks, which dominate their indices. Nvidia's positive outlook on AI demand rekindled optimism on global AI capex spending, which benefitted Taiwanese technology companies. Outside of the technology sector, Taiwan's trade dependent economy faces pressure from heightened global trade tensions, especially due to its significant revenue exposure to the US. The sharp appreciation of the New Taiwan dollar is also expected to adversely affect corporate earnings in the short term. While export orders remained resilient in recent months, it was likely to reflect front-loading demand amid concerns of US tariff hikes. Exports may decelerate into the second half of the year as shipment front-loading fades and external demand weakens.

We will continue to adopt a selective and cautious approach towards the Taiwanese market, given that the risk-reward profile has become less favourable following the sharp recovery. We maintain a balanced portfolio and will consider adding preferred technology stocks if valuations become more attractive.

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Schroder Global Emerging Market Opportunities Fund

Investment and Market Review

Emerging market (EM) equities, as measured by the MSCI EM Index, posted positive returns in June and outperformed developed markets (DM). Optimism about positive progress on trade talks between the US and China proved to be supportive, while the softer US dollar was also beneficial for EM. Although tensions in the Middle East ratcheted up, the response from markets was relatively muted.

Korea was the top-performing index market by far. After months of political instability, sentiment improved as Democrat Party candidate Lee Jae-myung claimed a conclusive victory in the country's presidential election. Taiwan was strong as it continued to benefit from renewed investor optimism about AI. Brazil outperformed amid a stronger local currency against the dollar and hopes that the current tightening cycle was at an end.

Both China and India produced positive returns but lagged the index, while Thailand and Indonesia fell in US dollar terms.

The fund recorded a positive return but underperformed the MSCI EM Index over the month.

Among our core markets, allocation had a positive effect, mainly due to the overweights to Brazil and Greece. Stock selection was positive, especially in Taiwan (off-benchmark Taiwan Union Technology) and Brazil (off-benchmark Lojas Renner). It detracted, however, in Poland (off-benchmark Grupa Pracuj).

Regarding our non-core markets, the zero weightings in Saudi Arabia and Indonesia, and the underweight to India, boosted returns, while the underweight to Korea detracted. Stock selection weighed on performance, especially in China (overweight Meituan), and to a lesser degree, in Mexico (overweight Gruma).

Market Outlook and Investment Strategy

While trade tensions between the US and China appear to have de-escalated following the temporary trade deal reached in May, global markets have already recovered, pricing in much of the rationalisation in trade policy.

Ongoing policy uncertainty and volatility will negatively affect global growth, which is likely to be further impacted by a slowdown in global trade.

The Chinese authorities have several tools at their disposal to support the economy and to partly mitigate the impact from trade tariffs. Further policy action could drive improved market performance but is likely to continue to be incremental and reactive.

Near term, the key risks for EM continue to be the policy uncertainty associated with the Trump administration, policy developments in China and the outlook for AI demand. Geopolitics is a further area to monitor, both in terms of US-China trade relations and the conflicts in Ukraine and the Middle East.

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More positively, the trend of a weaker dollar appears to be well set. The US has large twin deficits, a richly valued currency, and policy uncertainty has resulted in less appetite for dollar assets. This is a clear medium-term positive for EM, although well-known in markets.

Headline EM valuations appear more in line with their own history while EM's trade at a discount relative to DM across most valuation metrics.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 30 Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung's election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

Overall, the MSCI World delivered +2.9%, while MSCI Emerging Markets returned +4.5% in SGD terms over the month of June. In fixed income markets, government bond yields declined amid easing investor concerns and rising expectations for rate cuts. The US 10-year yield fell to 4.23% by the end of June, down from 4.40% the previous month. Similarly, the Singapore 10-year government bond yield fell 24 bps to 2.22%. Despite ongoing geopolitical risks during the month, corporate bonds displayed resilience with investment grade credit spreads tightening across major bond markets, driven by a renewed appetite for risk amid a stable economic outlook. The Bloomberg Global Aggregate Credit Index (SGD Hedged) returned +1.1%, while the FTSE World Government Bond Index (SGD Hedged) gained +0.6%. Commodities rose in June, with the energy sector being the strongest component amid escalating conflict in the Middle East although oversupply of oil kept prices contained. In currencies, the USD hit fresh lows, depreciating -2.5% (as measured by the DXY Index). Meanwhile, the SGD continued to demonstrate resilience against the greenback and strengthened +1.5% over the month.

SMART 30/50/70 delivered positive returns in June, with equities being the biggest drivers of performance. Within equities, our allocation to Global and US strategies were amongst the best performers. SISF Global Innovation ended the month with stellar returns (+5.0%) as renewed optimism Schroder Multi-Asset Revolution 30/50/70 2 for Artificial Intelligence (AI) fuelled investor risk appetite. Exposures to Asia and Emerging Market (EM) equities also performed well, buoyed by a weaker US Dollar and progress on trade talks between the US and China. The decision to reduce Europe and rotate into US proved beneficial, with

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Europe lagging in June following a period of strong performance. Fixed income contributed positively to return, helped mainly by the holdings in Asian credit, Singapore bonds and long dated US treasuries. Gold gave up earlier gains in the latter half of June and detracted slightly from returns as easing trade tensions between the US and China reduced safe-haven demand and prompted investors to shift towards riskier assets. The Fund outperformed the reference benchmark, with both asset allocation and stock selection contributing positively to relative performance. Within asset allocation, a preference for equities over fixed income contributed positively. Among equities, the tactical overweight in Asian and emerging market equities was a key driver, while an increased overweight to Info Tech also added value. Additionally, increasing exposure to US equities, alongside an underweight position in the USD and an overweight in the EUR, proved beneficial. Stock selection was positive led mainly by an outperformance in the underlying US equity strategy, driven by an overweight and positive selections in Communication Service and positive selections in Industrials.

Market Outlook and Investment Strategy

Uncertainty over tariffs persists, with limited clarity around both final rates and potential carve-outs. President Trump's extension of the trade agreement deadline from 9 July to 1 August has done little to ease tensions, as it has been accompanied by increasingly aggressive rhetoric toward key trading partners. Notably, market reactions to renewed tariff threats from Trump have become more muted over time, suggesting that investors increasingly treat such announcements as opening bids in a broader negotiation process. While this interpretation has largely proven correct to date, it does introduce the risk that markets may ultimately underestimate his willingness to implement significantly higher tariffs than currently expected. Our base case remains an effective tariff rate of 12%, but the balance of risks remains skewed to the upside.

Despite these uncertainties, we continue to see a low probability of a near-term US recession. Consumption remains resilient, supported by low energy prices — driven by expectations of rising global oil supply — and a stable labour market, which together provide a solid buffer against external shocks. Against this backdrop, we stay constructive on equities diversified across regions, aiming to capture growth opportunities while managing risks. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk. Within fixed income, we hold a neutral view on US government bonds. Although yields have adjusted higher and valuations have improved, structural concerns — including elevated debt levels and lingering inflation pressures — continue to weigh on the outlook. Outside the US, inflation pressures are more muted and we remain long bonds versus US Treasuries. We continue to see gold as a valuable strategic diversifier. Within credits, we maintain a preference for European credit over US, owing to relatively better valuations and a more contained inflation outlook in Europe. Within Asian credit, we continue to prefer domestically-oriented markets such as India, Indonesia, Australia, Japan, which are expected to show resilience amid global volatility.

We remain negative on the US Dollar, and favour the Euro which is poised to benefit as Europe shifts towards a more proactive fiscal stance, with Germany leading the way. The Dollar's safe-haven role has diminished amid erratic US policy direction, and with global

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investors overweight US assets, we expect rebalancing flows to favour non-Dollar exposures as diversification regains importance.

In conclusion, we believe cyclical risks remain contained, but structural vulnerabilities — particularly around debt sustainability — are building. Our strategy balances a positive view on equities with long exposure to gold and an underweight in the US Dollar, providing a measured and diversified approach to navigating an increasingly uncertain global landscape.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 50 Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung's election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

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SMART 30/50/70 delivered positive returns in June, with equities being the biggest drivers of performance. Within equities, our allocation to Global and US strategies were amongst the best performers. SISF Global Innovation ended the month with stellar returns (+5.0%) as renewed optimism Schroder Multi-Asset Revolution 30/50/70 2 for Artificial Intelligence (AI) fuelled investor risk appetite. Exposures to Asia and Emerging Market (EM) equities also performed well, buoyed by a weaker US Dollar and progress on trade

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talks between the US and China. The decision to reduce Europe and rotate into US proved beneficial, with Europe lagging in June following a period of strong performance. Fixed income contributed positively to return, helped mainly by the holdings in Asian credit, Singapore bonds and long dated US treasuries. Gold gave up earlier gains in the latter half of June and detracted slightly from returns as easing trade tensions between the US and China reduced safe-haven demand and prompted investors to shift towards riskier assets. The Fund outperformed the reference benchmark, with both asset allocation and stock selection contributing positively to relative performance. Within asset allocation, a preference for equities over fixed income contributed positively. Among equities, the tactical overweight in Asian and emerging market equities was a key driver, while an increased overweight to Info Tech also added value. Additionally, increasing exposure to US equities, alongside an underweight position in the USD and an overweight in the EUR, proved beneficial. Stock selection was positive led mainly by an outperformance in the underlying US equity strategy, driven by an overweight and positive selections in Communication Service and positive selections in Industrials.

Market Outlook and Investment Strategy

Uncertainty over tariffs persists, with limited clarity around both final rates and potential carve-outs. President Trump's extension of the trade agreement deadline from 9 July to 1 August has done little to ease tensions, as it has been accompanied by increasingly aggressive rhetoric toward key trading partners. Notably, market reactions to renewed tariff threats from Trump have become more muted over time, suggesting that investors increasingly treat such announcements as opening bids in a broader negotiation process. While this interpretation has largely proven correct to date, it does introduce the risk that markets may ultimately underestimate his willingness to implement significantly higher tariffs than currently expected. Our base case remains an effective tariff rate of 12%, but the balance of risks remains skewed to the upside.

Despite these uncertainties, we continue to see a low probability of a near-term US recession. Consumption remains resilient, supported by low energy prices — driven by expectations of rising global oil supply — and a stable labour market, which together provide a solid buffer against external shocks. Against this backdrop, we stay constructive on equities diversified across regions, aiming to capture growth opportunities while managing risks. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk. Within fixed income, we hold a neutral view on US government bonds. Although yields have adjusted higher and valuations have improved, structural concerns — including elevated debt levels and lingering inflation pressures — continue to weigh on the outlook. Outside the US, inflation pressures are more muted and we remain long bonds versus US Treasuries. We continue to see gold as a valuable strategic diversifier. Within credits, we maintain a preference for European credit over US, owing to relatively better valuations and a more contained inflation outlook in Europe. Within Asian credit, we continue to prefer domestically-oriented markets such as India, Indonesia, Australia, Japan, which are expected to show resilience amid global volatility.

We remain negative on the US Dollar, and favour the Euro which is poised to benefit as Europe shifts towards a more proactive fiscal stance, with Germany leading the way. The Dollar's safe-haven role has

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Schroder Multi-Asset Revolution 30/50/70 3 diminished amid erratic US policy direction, and with global investors overweight US assets, we expect rebalancing flows to favour non-Dollar exposures as diversification regains importance.

In conclusion, we believe cyclical risks remain contained, but structural vulnerabilities — particularly around debt sustainability — are building. Our strategy balances a positive view on equities with long exposure to gold and an underweight in the US Dollar, providing a measured and diversified approach to navigating an increasingly uncertain global landscape.

Source: Schroder Investment Management Limited

Schroder Multi-Asset Revolution 70 Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung's election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

Overall, the MSCI World delivered +2.9%, while MSCI Emerging Markets returned +4.5% in SGD terms over the month of June. In fixed income markets, government bond yields declined amid easing investor concerns and rising expectations for rate cuts. The US 10-year yield fell to 4.23% by the end of June, down from 4.40% the previous month. Similarly, the Singapore 10-year government bond yield fell 24 bps to 2.22%. Despite ongoing geopolitical risks during the month, corporate bonds displayed resilience with investment grade credit spreads tightening across major bond markets, driven by a renewed appetite for risk amid a stable economic outlook. The Bloomberg Global Aggregate Credit Index (SGD Hedged) returned +1.1%, while the FTSE World Government Bond Index (SGD Hedged) gained +0.6%. Commodities rose in June, with the energy sector being the strongest component amid escalating conflict in the Middle East although oversupply of oil kept prices contained. In currencies, the USD hit fresh lows, depreciating -2.5% (as measured by the DXY Index). Meanwhile, the SGD continued to demonstrate resilience against the greenback and strengthened +1.5% over the month.

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Source: Schroder Investment Management Limited

Schroder Singapore Fixed Income Fund

Investment and Market Review

Frontloading contributed to the resilience of Singapore's economic activity, but there are signs that this effect is dissipating. GDP growth rose in Q2, supported by rising export growth. While non-oil domestic exports rebounded, the data showed further normalisation in non-oil re-exports, indicating that the export front-loading, which had boosted Q2 GDP had waned by June. Singapore bonds returned 2.17%, driven by gains in both government bonds and spreads segments.

The Fund posted 1.68% (SGD I Acc share class, net of fees) in June, trailing its benchmark, which returned 2.16%. Rates positioning was the key detractor from active returns, while the residual long USD posted a modest loss. Spreads strategies were flat. Our underweight Singapore duration stance detracted from active returns as Singapore rates rallied. In terms of curve positioning, while the overweight at the belly (7-15Y) of the SGS curve contributed positively to performance, these gains were more than offset by the underweights at both the short and long ends of the curve. SGD corporates posted another month of positive returns. The Fund's overweight position in SGD credits was beneficial, while security selection within quasisovereign modestly aided returns. However, overall performance from spreads strategies was dragged by detraction from security selection within Financials and TMT sectors.

Market Outlook and Investment Strategy

A pulse check of the Singapore's economy for the first half of 2025 reflects growth on stable grounds. Beneath the surface however, a bulk of this stability is attributed to exports — much of which is already front loaded with importing nations fast taking advantage of the grace period from Trump's 90-day pause. Semiconductor exports, one of Singapore's main exports, benefitted from the front-loading effects but amidst a weak to mixed outlook for global electronics demand, does not seem to be able to sustain this momentum. Adding to the mix dreary domestic sentiments and slowing tourist arrivals, downside risks are gaining in traction for Singapore's growth with likelihood for payback for all the front-loading of exports. Tariff and its uncertainty remain at the forefront for the largest risk for Singapore's economy. While the direct impact would rather not be significant, the indirect means through slowdown in demand from its primary importers subject to larger tariffs as well as sectoral tariffs such as those subject to pharmaceuticals, would likely take a larger toll for this open economy. Policy uncertainty would also

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thwart capex plans, which means investments are unlikely to give much support for growth. This thus builds a positive case for Singapore duration, though we are mindful of curve positioning given the rather disjointed SGS curve. Our preference is for duration in the belly of the curve, underweighting the wings i.e. the front-end and long-ends of the curve. The SGD credit space has remained resilient – a nod of recognition towards not only solid issuer fundamentals but also strong demand arising from the dominant de-dollarization narrative in markets, which makes the SGD space an attractive alternative for its defensiveness and safe haven status. Spreads remain dreadfully tight but all-in yields would continue to remain a draw for investors. Positive technicals would continue to play out for this segment of the market where net supply remains disciplined while investor demand would remain sustainable amidst the defensive and de-dollarization draw. We are cognizant however, that much of the returns in this segment would come from duration rather than spreads and would thus be mindful with our exposures as well.

Source: Schroder Investment Management Limited

Schroder Singapore Trust

Investment and Market Review

Singapore stocks gained ground in Q2 2025, with the Straits Times Index adding 1.88% in SGD terms. A strong showing from telecommunications (+11.37%), industrials (+7.16%), and utilities (+10.80%) supported index performance, while a weak showing in financials (-0.67%) offset this to some degree.

Headline and core inflation for May came in line with market expectations at 0.8% and 0.6% y/y respectively. Industrial production for May grew 3.9% y/y (April: 5.6%), coming in above market expectations. All sectors with the exception of electronics registered a higher pace of growth over the month. Non-oil domestic exports (NODX) dipped 3.5% y/y in May (April: 12.4%), below market expectations as electronics growth slowed while non-electronics exports recorded a contraction.

In Q2 2025, the fund outperformed the index (based on A Dis share class), as positive stock selection within financials and positive allocation to telecoms and utilities (both overweight) contributed value. This was partially offset by weak stock selection within real estate.

Key contributors

Within telecommunications, our overweight position in Singtel (+11.37%) outperformed on expectations of an improvement in market dynamics in the Australian market, while a positive earnings read-through from its associates supported the share price. It also announced higher capital returns (through a higher declared dividend and a buyback programme) which was a positive surprise for the market

Within financials, our overweight position in SGX (+11.99%) also did well given the stock's defensive nature while it was also seen as a direct beneficiary of elevated market volatility and more recently a government-led initiatives to encourage offshore capital to increase domestic equity investments. Market expectations for a robust set of H2 FY2025 results also boosted the share price. Within utilities, our overweight position in Keppel (+10.69%) was another key contributor, with the market ascribing an

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acceleration in asset monetisation (particularly from its real estate and telecom assets) which could potentially drive higher capital returns.

Key detractors

Within real estate, our overweight position in Mapletree Logistics Trust (-8.35%) was a key detractor from relative performance as continued pressure on its China logistics operations weighed on the share price. Our underweight position in Hongkong Land (+26.56%) also detracted value after shares surged on expectations for greater shareholder returns, while lower domestic interest rates were also expected to benefit property names. Within consumer staples, our overweight position in First Resources (-12.35%) did poorly as market concerns over a potential slowdown in consumption on the back of ongoing trade tariffs impacted sentiment on the stock.

Market Outlook and Investment Strategy

Within financials, we remain underweight the banks. While the current climate of higher rates should help support margins for banks, there are concerns on how a rate cut scenario coupled with tepid loan growth might impact earnings. There are also slight concerns over recessionary risks that could begin to impact credit cost expectations although asset quality trends thus far remain benign. Outside of banks, we have increased our exposure to SGX, a key overweight position for the fund. Its derivatives business should benefit from the increased market volatility while the recently¹announced domestic equity market reforms should be a further tailwind for the company. Within real estate, the big debate continues to revolve around where interest rates will land at by year end. Whilst there are growing expectations for Fed to cut rates in 2H25, we see that interest rates in Singapore have moved ahead of that expectations, and are now c. 2% lower than comparable US interest rates across the yield curve. This does point towards low funding costs for REITs going forward as they refinance their higher cost debt into more recent rate levels, but it will take time for the impact to be reflected in earnings numbers given the staggered nature of debt refinancing. Within the REITs space, we continue to have a strong preference for, and are overweight, industrial REITs with good exposure to domestic industrial properties as well as data centres. We believe that the shift in manufacturing patterns towards ASEAN will benefit Singapore, while continued growth in data centre demand given the growth in artificial intelligence computation requirements should keep rents firm.

Within telcos, we continue to be overweight Singtel as management's strategic plan to turn the business around is starting to bear fruit. Earnings growth is improving, driven by a combination of a tourism recovery as well as its their push to grow their technology services operations (through NCS) in the region. In addition, they have announced a new category of dividends, Value Realisation Dividend (VRD) , that will provide additional dividend payouts and return excess capital to investors, which in turn should help support valuations.

Within technology, we continue to maintain our off-benchmark exposure to Sea here. It remains the dominant platform company (including e-commerce/gaming) in the region and an ASEAN consumer proxy, while shares continue to trade at attractive valuation levels. Concerns around increased competition has abated somewhat as peers have raised take-rates in unison, which has flowed through to their bottom

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line. That said, any increase in the competitive environment remains the biggest concern and remains a key factor we are monitoring.

Within consumer discretionary, we continue to be underweight this sector, largely stemming from our nil position in Singapore Airlines (one of the fund's largest underweight) as we expect rising competition and higher fuel prices to weigh on earnings.

Within industrials, we continue to hold an overweight position in Yangzijiang Shipbuilding, a global leader and beneficiary of the fleet replacement cycle. We expect rising newbuild prices, a lack of shipbuilding capacity, and lower steel prices to allow the company to improve its margin and earnings profile. We continue to maintain our nil weight in Seatruium due to concerns around the pace of earnings recovery for the company.

For utilities, we are currently overweight here. For Keppel, we expect continued capital recycling by management to future growth businesses like fund management and data centre investments. We have further increased our overweight in Sembcorp Industries as we are largely past the company's weak earnings period. Management has been executing well in adding new renewable power capacity to their portfolio which should start contributing positively to earnings over the next two years.

In terms of other portfolio changes, we recently initiated a position in Grab as it continues to experience improving gross merchandise value (GMV) numbers and is also emerging as the main P2P ride hail operator in its markets. We also recently initiated a position in Keppel DC REIT on expectations that positive rent reversions from its domestic data centre business should continue to remain robust. Also within REITs, we continued to increase our position in Mapletree Pan Asian Commercial Trust given signs of stabilisation in the Hong Kong retail space while it should benefit from a lower interest rate environment. We added to our position in Hongkong Land as management is beginning to refocus on shareholder returns while upcoming asset divestments should further streamline the company's portfolio. We have trimmed our position in Yangzijiang Shipbuilding, reducing our exposure to cyclicals given a rising risk of recession on the back of trade tensions, as slower trade flows should reduce demand for new ships. We exited our position in Genting Singapore as given the increased uncertainty in the economic outlook which should weigh on discretionary spending.

If one was to come back from a 3-month hiatus from equity markets and saw that the Straits Times Index (STI) was up +1.8% for Q2 2025, the first impression would probably be that this has been quite a stable quarter for markets. However, this glosses over the fact that we saw a -14.6% drawdown in the STI from the end of March, to 9 April as markets digested the tariff impact from President Trump's 'Liberation Day' announcement. This was in turn superseded by an equally rapid +14.0% rebound in markets to the end of Apr'25, before settling to a +1.8% QoQ return for 2Q 2025.

As the world's largest consumer market, the impact of US tariffs on global trade and manufacturing demand will be significant, especially if they are imposed as per announced on 'Liberation Day'. However, markets have gradually come to realise that there is a large part of 'shock and awe' in the original announcement, and even with the latest iteration of new tariffs levels announced in July, President Trump

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has indicated that there remains some room for negotiations on rates before the proposed implementation date of 1 August.

From Singapore's perspective, we are less impacted by these tariff measures as we are one of the few countries in the Asia region that actually run a trade surplus with the US, hence putting us in the lowest tax bracket based on how the new tariff rates are being calculated. That said, being a trading hub for the region does mean that if there is a sharp slowdown in goods being shipped into US, Singapore will likely see a reduction of shipping activity and hence an economic slowdown.

Given this backdrop of potentially slower trade flows, it was therefore a positive surprise when Singapore reported advanced estimates of +4.3% GDP growth for 2Q25, which was faster than the +4.1% GDP growth registered in 1Q25, and ahead of consensus estimates. While this is an advanced estimate and subject to final confirmation, it does point towards relatively robust economic activity within Singapore. There is no doubt an element of 'pull forward' demand, as firms try to get ahead by shipping into the US before the full implementation of tariffs, hence MAS continue to expect 2025 GDP growth to be in the range of 0-2%. That said, with the robust growth seen in 1H25, we should see relatively stable employment demand for the near term. Another factor that has tilted in Singapore's favour, is the rapid shift in interest rate expectations. While US Fed continues to hold firm on rates for the year, with market expectations of cuts starting in September, interest rates in Singapore have moved ahead and fallen by c. 2% across the interest rate curve. This shift was not anticipated by the market at the start of the year, and if rates continue to stay depressed, that would have ramifications for earnings outlook for interest rate-sensitive stocks.

Considering the shift in the interest rate environment, and gradual clarity around how the tariff situation will unfold for Asean countries, we have made some shifts in the portfolio to adjust for these changes. We continue to take allocation out of the banks and rotate them into REITs, with the view that the lower interest rate environment will benefit REITs more. We continue to add to positions within the industrials and property names that would benefit from better clarity on Singapore's tariff position with the US, and have added to SGX as the increased volatility caused by the tariff measures is a positive contribution to its derivatives and equities trading platform due to the increased requirement for trading and hedges during Asian hours. Overall, the tariffs will likely strengthen the view that manufacturers will need to accelerate the build-out of their ex-China manufacturing capabilities to countries such as Singapore and we could see the continued growth of regional headquarters being rebased here. Outside of trade, the status of Singapore as a wealth management hub remains robust given existing infrastructure and connectivity advantages, which should allow it to benefit from the increasing flow of private wealth into the country. All things considered, we continue to see scope for well-run companies to outperform in this environment, and will look for opportunities to add to stocks that provide a good balance of asset quality and valuations when opportunities present themselves.

Source: Schroder Investment Management Limited

Templeton China Fund
Investment and Market Review

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Chinese equities advanced for the second quarter of 2025. A framework agreement covering tariff rates between China and the United States has receded some uncertainties. China also released support measures and eased monetary policy; this included reducing its benchmark

lending rates.

For the quarter, the fund's A (acc) USD shares returned 2.80%, and its benchmark, the MSCI China 10/40 Index-NR – Linked, returned 2.61%.

Xiaomi Corp is a China-based consumer electronics, software and hardware designer. A record first quarter and revenue, and strong orders for the company's new sport utility vehicle despite a crowded electric vehicle (EV) market sent its stock price higher. The company has made progress with its EV segment, thereby adding to its brand power.

Yantai China Pet Foods is a manufacturer of pet food. The company recorded a large year-on-year increase in net profit for its latest quarter, with plans to distribute cash dividends. The company's domestic business profitability, in our view, is promising, with restructuring efforts starting to bear fruit. While tariffs remain a source of risk, capacity upgrades in North America may be helpful in reducing this risk slightly.

Meituan is a Chinese technology retail company that operates a web-based shopping platform for local consumer products and retail services, with a focus on food delivery. Intensifying competition in China's food delivery space accompanied share price pressures from a sector-wide decline due to geopolitical tensions between China and the United States. We believe that, in the long term, Meituan's business will not be majorly impacted given its status as a dominant player and other growth drivers for the company. However, until more clarity emerges on the competitive landscape, we believe that the stock price may experience some volatility for the next couple of quarters.

Market Outlook and Investment Strategy

The notable ease of trade policy tensions in China does not completely erase uncertainties. We believe that China will continue with its policy support to lift its domestic sector and bolster its equity market—the latter includes encouraging more domestic institutions to redirect their capital to equity markets. While these provide some encouragement to the investing backdrop in China, we prefer to focus our Chinese exposure in domestically oriented companies to reap the benefits of policy support and provide some insulation against external uncertainties.

China's economic outlook remains challenging, and concerns over China's economic recovery continue to linger. We believe that select China-based companies have been oversold due to weak sentiment, and that fundamentals remain strong. In our view, a recovery in earnings and monetary easing are two factors that will likely aid returns. Healthy corporate and household balance sheets should also help to boost equities, along with evidence that interest rates have peaked. Although risks such as geopolitical tensions remain, we are of the view that positive fundamental factors will continue to drive long-term returns.

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Taking a long-term view, valuations of Chinese equities remain attractive. Over the past few years, Chinese stocks have faced significant pressure and have been largely overlooked by investors. However, the pivot in policy support appears to have sparked a notable shift in investor sentiment, which is evident among both domestic and foreign investors. In addition to boosting market confidence, investors also reevaluating the growth potential of Chinese companies. Valuations, which had been suppressed, are now being reassessed, with many investors recognising the underlying value and growth prospects.

Despite continuing volatility, we believe market sentiment towards China has clearly improved. That said, we still approach investing with a well-rounded perspective. We remain cognisant of the key risks in the investment universe, and we are keeping a close eye on geopolitical tensions and government policies. We abide by our bottom-up investment approach and leverage our on-the-ground presence and extensive network for a balanced view. This network goes beyond just companies, channel checks and independent research providers. We continue to keep a watchful eye on changes in the investment environment to identify opportunities.

Source: Franklin Templeton

Templeton European Opportunities Fund Investment and Market Review

European stocks collectively gained in the second quarter of 2025, driven by a shift in investor sentiment. Some easing in trade tensions and geopolitical risks (especially after the Israel-Iran ceasefire) supported European equity markets. Additionally, signs of progress in trade negotiations between the United States and the European Union boosted confidence and helped ease fears of a global recession, as did the 90-day truce on US-China “reciprocal” and retaliatory tariffs in May.

For the quarter, the fund’s A (acc) EUR shares returned 3.00%, and its benchmark, the MSCI Europe Index-NR, returned 2.49%.

During the quarter, the information technology (IT) sector delivered strong relative returns, driven by three stock holdings—ASM International, BE Semiconductor Industries and Infineon Technologies, which happened to be among the best-performing stocks in the sector over the quarter. The semiconductor and semiconductor equipment industry’s strong performance reflects concentrated growth in artificial intelligence-related high-end chips—with BE Semiconductor capitalising on back-end technology trends, ASM International advancing through ALD (atomic layer deposition) tool leadership amid industry capital-expenditure momentum, and Infineon maintaining strength through power-semiconductor demand tied to electrification themes.

In health care, Uniphar (not held by period-end) was a helpful off-benchmark position as its stock rose during the quarter. However, from the same sector, France-based pharmaceuticals group Sanofi detracted after the release of disappointing trial data sets for itepekimab, the investigational COPD (chronic obstructive pulmonary disease) treatment it developed with Regeneron (not a fund holding).

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LVMH Moët Hennessy Louis Vuitton is the world's largest luxury goods group, spanning fashion, leather goods, wines and spirits, and cosmetics, with iconic brands such as Louis Vuitton and Moët & Chandon. Its shares declined in the second quarter due to investor concerns about macroeconomic headwinds, including weaker demand in the United States and China, currency pressures, and a high base effect from exceptional post-COVID growth years, particularly in its Fashion & Leather Goods and Wines & Spirits divisions. Despite near-term softness, we remain constructive on LVMH given its brand strength, pricing power, and long-term structural exposure to global wealth creation and premiumisation trends.

Market Outlook and Investment Strategy

Despite persistent uncertainty about US President Donald Trump's evolving tariff agenda, European equities have shown resilience in 2025, supported by what we consider improving fundamentals and relatively appealing valuations. However, volatility remains elevated, with investors closely watching US policy developments and their global spillover effects.

A mix of easing inflation pressures has shaped the macro backdrop in Europe—helped by lower energy prices and still-restrictive interest rates. The European Central Bank has already delivered four rate cuts this year, offering some relief to credit conditions and supporting investor sentiment. Meanwhile, the Trump administration's aggressive stance on trade and fiscal expansion has created ripple effects across global markets.

We remain constructive on Europe's near-term outlook. The rally in European equities may still have legs, particularly as global investors begin to unwind long-standing underweight positions. Our analysis shows that despite a bridging of the valuation gap in the first half of 2025, European stocks continue to trade at a significant discount to their US peers, with the STOXX 600 Index still having an unusually large valuation gap to the S&P 500 Index, in historical terms.

While Europe has lagged the United States in corporate earnings growth in recent years, we think that trend may be reversing. Leading indicators suggest a softening US economy, while European companies' earnings are broadly expected to rebound from a low base, with growth estimates approaching 10% for 2025. We believe this divergence could mark the beginning of a medium-term rebalancing in global equity leadership.

We see compelling opportunities in domestically focused European companies, particularly those that we think are poised to benefit from regional stimulus and structural reforms. In our view, this is more than a tactical bounce and could well be the start of a potentially broader rerating for European equities.

Source: Franklin Templeton

Templeton Latin America Fund

Investment and Market Review

Equities in the emerging Latin America (LatAm) region advanced as a whole during the second quarter of 2025. Strong earnings results from several key Brazilian companies—despite high interest rates—helped

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support the country's equity market. Brazil's central bank continued to increase interest rates during the quarter, but this did not dampen investor sentiment in Brazilian equities. This positivity was also inherent in Mexico, where its central bank lowered benchmark interest rates. The region is also seen as relatively buffered from tariffs and major geopolitical conflicts.

For the quarter, the fund's A (Ydis) USD shares returned 15.85%, and its benchmark, the MSCI EM Latin America Index-NR, returned 15.22%.

Bolsa Mexicana de Valores (BMV) is a Mexico-based fully integrated exchange operator across multiple asset classes. Its share price rose alongside the broader Mexican equity market, and also on the back of its first-quarter 2025 earnings results. The exchange posted strong growth across segments, which culminated in solid growth in net income from a year ago. We like BMV's vertically integrated business model, which covers trading, central securities depository, market data and other services. In our assessment, this business model places the company in good stead to potentially benefit from Mexico's underpenetrated capital market.

TOTVS is a Brazil-based software solutions provider. It provides management software solutions and other productivity platforms to companies across sectors in Brazil. The company's share price rose on the back of its robust first-quarter results, with recurring revenues growing impressively. We still remain positive on the company due to its proven track record in the management segment—TOTVS leads the management software market in Brazil. In addition, we view the company's enterprise resource planning segment as fairly stable and defensive.

Centrais Elétricas Brasileiras (a.k.a. Eletrobras) is a Brazilian power company. It generates and transmits electric power across the country through its regional subsidiaries. Its share-price gain for the quarter was trimmed after the company reported first-quarter earnings per share

(EPS) below consensus estimates. The lower-than-expected EPS was primarily driven by a regulatory change that ate into its EBITDA (earnings before interest, taxes, depreciation and amortisation) and is also expected to impact its second-quarter earnings results (yet to be released as at the time of writing).

Market Outlook and Investment Strategy

Last quarter, we wrote that LatAm equities would continue to face uncertainties. This quarter, we have a slightly more positive outlook. Domestic developments look promising to us, and globally, the region is broadly viewed as a relatively favourable destination for investments—military and trade wars have not severely affected LatAm.

Despite diverging from the global trend of lowering interest rates, Brazilian companies and Brazil's economic growth have shown exceptional resilience in coping with high interest rates. We believe that monetary policy easing could start by the beginning of 2026, in the lead up to the presidential election. We think the current government's low popularity could also increase the likelihood of a positive shift in economic policy, which should complement the current discounted valuations.

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Mexico's outlook has both opportunities and risks. The new president balances state-centred policies with private investment opportunities, with a priority on economic expansion. The president's deft navigation through recent tariff tensions has resulted in minimal disruption from US

"reciprocal" tariffs. However, fiscal challenges cloud the horizon, and growth hinges on the 2025 budget and Plan Mexico's execution.

The outlook for Colombian equities is also mixed. Economic growth is estimated to potentially reach 2.5% for the year, driven by domestic demand and moderating inflation. This provides some hope for monetary easing. Corporate earnings and profitability for banks are strengthening as well. However, fiscal challenges and political instability may also dampen investor confidence and remain challenges. Peruvian equities have levers for performance, in our view, supported by upward revisions to economic growth and expectations of a new growth cycle, particularly in the banking industry. We believe the country has clear drivers of economic activity, such as domestic demand and investments.

In conclusion, we think that LatAm equities are relatively attractive, offering opportunities that stem from domestic strength and relative insulation from external uncertainties. Our investment approach remains long-term, focusing on what we view as well-managed companies with strong cash flows, good value and growth potential, and/or market leadership in their respective industries.

Templeton Shariah Global Equity Fund

Investment and Market Review

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 the information technology (IT), communication services and industrials sectors. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.

For the quarter, the fund's A (acc) USD shares returned 10.12%, and its benchmark, the MSCI AC World Islamic Index-NR, returned 12.31%.

The fund underperformed its benchmark in the second quarter of 2025, when stock selection in the IT, consumer discretionary and health care sectors hurt relative returns, offsetting strong contributions from stock selection in the industrials sector. Specifically, our underweight position in Microsoft—which is capped at around 10% of portfolio weighting in compliance with Luxembourg fund rules, versus the benchmark's 16%—again accounted for the bulk of performance detraction, in relative terms. The fund was, however, ahead of its benchmark in June, benefitting from stock selection in the industrials sector.

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Geographically, Japan was the top-contributing market while the United Kingdom detracted, both in the second quarter and in June.

The second quarter of 2025 was marked by heightened concerns over aggressive US tariff policies, global trade disruption and economic headwinds. In response, we have prioritised risk/reward optimisations during the period, rotating capital out of positions with greater vulnerability to tariff impact or weaker investment theses. Positions that were closed as a result included Stellantis, Albemarle, ExxonMobil, INPEX and Orsted. This in turn gave us the flexibility to selectively add new ideas to the portfolio, such as Ferguson Enterprises, ASM International and ConocoPhillips. As it is, the portfolio maintains diversified exposures across value, quality and growth stocks, focusing on companies with strong earnings power and profitability, healthy balance sheets and free cash flow growth, as well as favourable shareholder returns. This should give us the resilience to weather external risks without sacrificing growth and return potential, as market and economic conditions continue to evolve.

In attribution terms, the main detracting stocks were Kenvue from the consumer staples sector, as well as ICON and AstraZeneca from the health care sector, in addition to Microsoft. Health care stocks have generally underperformed so far this year due mainly to policy scares. The Trump administration is pushing for several measures that may cut Medicaid spending and lower drug prices in the United States. These changes may affect the outlook of health care services providers and pharmaceutical companies, with potential downstream impact across the broader health care sector. We have yet to see the full details of these policy changes and we think it is premature to make drastic changes to our health care portfolio. At this stage, we stay invested for the sector's defensive growth characteristics, and we are comfortable with the fact that our holdings have strong fundamentals, especially cash flow generation. Meanwhile, we stay invested in consumer health giant Kenvue but have reduced the position on the back of its year-to-date performance. Other detractors included JD.com and BP. We have also trimmed JD.com but the position in BP was expanded in May, reflecting our belief that its share-price underperformance presents potentially significant shareholder value opportunities as its strategic initiatives are gradually realised to support long-term earnings delivery.

On the side of contributors, top 10 holdings IHI Corporation and Micron Technology were accretive to relative performance. IHI, which is also the fund's top-contributing stock over the year-to-date period, is a compelling discounted asset idea with a structurally growing aerospace and defence business portfolio, based on our research. Improving capital allocation discipline and a large Tokyo real estate portfolio that can be divested to unlock shareholder value further enhance IHI's investment case. At the country level, Japan has also consistently topped the contributing markets for the portfolio so far this year. Our conviction in Japan remains firm—the market offers considerable ROE (return-on-equity) enhancement potential as corporate governance reforms continue unabated. Economic and monetary policy normalisation provides the additional tailwinds. In addition to IHI, Toyota Industries and Ebara Corporation—both also among the strongest contributors of the second quarter—are similarly well-aligned with our thesis on Japan. In the IT sector, all four of our semiconductor holdings outperformed, including Micron Technology and newly initiated ASM International. ASM International is a specialised provider of wafer fab equipment (WFE) critical to semiconductor production. Based on our research, the

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company commands a wide technological moat versus peers and is a key beneficiary of the structural growth in the WFE market, where spending may hit US\$160 billion by 2030.

Market Outlook and Investment Strategy

The relative underperformance of the second quarter belied what has been a rewarding first half of 2025 for the fund. Facing heightened volatility caused by investor concerns over US tariffs, economic recession and geopolitical conflicts, the fund outperformed its benchmark over the six-month period ended June 2025. With year-to-date relative returns of 135 basis points, the A (acc) USD share class of the fund now sits in the first quartile among its Morningstar peer group. In our view, this marks an ongoing turnaround for the fund, as its transition from a deep-value tilt to a fully diversified investment approach over the past three years continues to bear fruit. Entering the second half of 2025, we aim to stay the course, leveraging on a balanced strategy that is able to compound long-term returns for our clients through complementary sources of alpha generation, including value, quality, growth, discounted asset and cash flow stocks, based on Templeton's proprietary "Types of Value" framework. Amid the ebb and flow of market rotations, shifting narratives and evolving macroeconomic conditions, a diversified investment framework like ours should offer a surer path to risk-adjusted returns, in our view.

At the same time, we believe that the macro outlook has not changed materially since April. Global trade risks persist as the deadline for the 90-day pause on the "liberation day" tariffs came and went, with the trade talks only having limited progress to show for. Trump is now threatening countries with higher tariffs unless they can reach trade agreements with the US before a new August deadline. Meanwhile, Trump's signature

"One Big Beautiful Bill" has raised concerns surrounding long-term fiscal sustainability, putting the US dollar under pressure. Collectively, these factors have likely resulted in lower earnings growth for the second quarter, with the S&P 500 companies expected to see just 4% of earnings growth compared to 12% in the first quarter, based on analyst estimates.

We are keenly aware of the fact that stock valuations have gained globally against this uncertain backdrop. A "risk-on" approach is thus inadvisable at this juncture, in our view, and we will move forward with a prudent stance that entails diligence in risk/reward optimisation. In recent weeks, we have continued to rightsize positions, cutting our cyclical risk exposure while realising profit where appropriate. This gave us a cash holding of almost 6% as of end-June 2025. In some cases, we have rotated capital to ideas that command a higher research conviction or greater valuation upside. For example, in the energy sector, we have consolidated our exposure to BP, Shell and newly added ConocoPhillips. US-based ConocoPhillips is a global leader in energy exploration and production (E&P). In our view, it is the "go-to" E&P company that stands out with significant scale advantage over its peers and underappreciated long-term free cash flow growth potential. We have also adjusted our industrials sector exposure by decreasing allocations on several outperformers in Japan while initiating a new position in Ferguson Enterprises. We believe the US-based building products distributor is a high-quality compounder with a leading market position, track record of winning market shares through accretive acquisitions, and potential to return to stronger organic growth over the medium term on the back of sustained contributions from non-residential mega projects.

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As always, these decisions are closely guided by our valuation discipline, as well as expertise in bottom-up fundamentals research and stock selection. Identifying and investing in a diverse range of companies that are mispriced relative to their intrinsic worth—in terms of earnings power, balance sheet quality and shareholder returns, among other factors—remains a top priority, for both new additions and position adjustments. In fact, our approach should prove all the more pertinent in these uncertain times, as we are likely to gravitate towards companies that are by nature more resilient against macro headwinds and external policy risks. The recent addition of Nike to the portfolio is an example here. While we acknowledge the macroeconomic challenges facing consumer discretionary companies, we think Nike is fundamentally a great company and a great brand grappling with temporary issues. A significant scale advantage over competitors and a renewed focus on product innovations are some of the factors supporting the long-term outlook and valuation upside of this sports footwear giant. We are ready to stay the course and act on further opportunities as they emerge, particularly if market volatility returns and valuations become more appealing. However, as mentioned, this will be balanced with caution as market and policy conditions remain very much in flux. Further allocations will be made selectively and only on the best-in-class ideas, in terms of valuations relative to fundamentals. Short of that, we will stay patient and may maintain a slightly higher level of cash holding, enhancing our defensive cushion against external uncertainties.

Source: Franklin Templeton

United SGD Fund

Investment and Market Review

Investment and Market Review Government bond yields jumped across many markets, as US fiscal concerns, resilient US data, and the patient stance from the US Federal Reserve (Fed) overshadowed the prospect of Supplementary Leverage Ratio (SLR) relaxation for US banks. The 2-year and 10-year US Treasuries (USTs) yields closed at 3.9 per cent (+29 basis points (bps)) and 4.4 per cent (+24bps) respectively in May 2025. The Federal fund futures now price in two rate cuts in 2025, from up to four cuts in April 2025. Investors' sentiment improved on the back of easing trade/tariff concerns, decent US technology earnings, and People's Bank of China (PBOC) policy easing. The JP Morgan Asia Credit Index (JACI) Investment Grade credit spread tightened to 118bps (-15bps) as investors added to positions. The primary activity of Asia G3 currency bond picked up slightly, with US\$13 billion (April 2025: US\$12 billion, May 2024: US\$16 billion) bonds priced. This brings year-to-date supply to US\$94 billion (+39 per cent). The biggest issuers in May 2025 were China Construction Bank Corporation (CCB, US\$1.5 billion), Industrial and Commercial Bank of China Limited, Singapore Branch (ICBCAS, US\$1.3 billion) and PT Pertamina Hulu Energi (PERHUL, US\$1 billion). Tariff headlines will continue to be a major factor affecting the direction of Asia credit spreads, though market focus will likely gradually shift towards economic data. Any potential retreat of global risk sentiment in a scenario of weakened US growth or a stagflation scenario is likely to present the biggest risk to credit markets currently. That said, coupon carry across Asia credit remains reasonable.

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Market Outlook and Investment Strategy

We continue to prioritise coupon returns while aiming to diversify across various markets. Our focus remains on defensive sectors such as Utilities, Telecommunications, Consumer goods, Insurance, and Government-related entities, with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we favour financials over non-financial corporates based on their strong fundamentals and attractive valuations. The Fund will continue to 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Invest in bonds maturing/callable/puttable on rolling three years for the purpose of return enhancement; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to the Singapore Dollar.

Source: UOB AM

United Asian Bond Fund

Investment and Market Review

Government bond yields jumped across many markets, as US fiscal concerns, resilient US data, and the patient stance from the US Federal Reserve (Fed) overshadowed the prospect of Supplementary Leverage Ratio (SLR) relaxation for US banks. The 2-year and 10-year US Treasuries (USTs) yields closed at 3.9 per cent (+29 basis points (bps)) and 4.4 per cent (+24bps) respectively in May 2025. The Federal fund futures now price in two rate cuts in 2025, from up to four cuts in April 2025. Investors' sentiment improved on the back of easing trade/tariff concerns, decent US technology earnings, and People's Bank of China (PBOC) policy easing. The JP Morgan Asia Credit Index (JACI) Investment Grade credit spread tightened to 118bps (-15bps) as investors added to positions. The primary activity of Asia G3 currency bond picked up slightly, with US\$13 billion (April 2025: US\$12 billion, May 2024: US\$16 billion) bonds priced. This brings year-to-date supply to US\$94 billion (+39 per cent). The biggest issuers in May 2025 were China Construction Bank Corporation (CCB, US\$1.5 billion), Industrial and Commercial Bank of China Limited, Singapore Branch (ICBCAS, US\$1.3 billion) and PT Pertamina Hulu Energi (PERHUL, US\$1 billion). Tariff headlines will continue to be a major factor affecting the direction of Asia credit spreads, though market focus will likely gradually shift towards economic data. Any potential retreat of global risk sentiment in a scenario of weakened US growth or a stagflation scenario is likely to present the biggest risk to credit markets currently. That said, coupon carry across Asia credit remains reasonable.

Market Outlook and Investment Strategy

We continue to stay up in credit quality while aiming to diversify across various markets, maintaining our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance. Instead, we continue to focus on corporate bonds with improving fundamentals and credit spread compression. The Fund will: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Benchmark duration along the curve relative to the benchmark to capture potential curve steepening; 4)

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Focus on credit spread compression by selecting corporates with improving fundamentals that have attractive yields/spreads but are not captured in their current pricing.

Source: UOB AM

United Emerging Markets Bond Fund

Investment and Market Review

For the six months to June 2025, the Fund returned -3.76% and the benchmark, JP Morgan EMBI Global Diversified (EMBIGD) Composite index (SGD terms), returned -1.37%. Key contributors to the fund's performance include our positioning in El Salvador, Ecuador, Tunisia, Philippines, Uzbekistan, Pakistan, Bahrain, etc.; while Ukraine, Lebanon, Sri Lanka, Saudi Arabia, Turkey, etc. were the main detractors to performance. As of 30 June 2025, the Fund was invested 38% in Americas, 31% in Africa / Middle East, 13% in Asia Pacific, 13% in Eastern Europe. The remainder was held in other regions and a combination of cash and cash equivalents. High-yield (HY) credit has been the top-performing asset class within emerging markets (EM) during this period. One of the defining themes of President Trump's second term has been the potential resolution of ongoing wars and regional conflicts, which has contributed to a rally in EM bonds across countries such as Lebanon, Ukraine, and Iraq. Additionally, the relatively cordial relationship between Argentina's President Javier Milei and Trump, coupled with fiscal tightening and structural reforms under Milei's leadership, has significantly improved investor sentiment and boosted the performance of Argentine bonds. Positive global market sentiment has also supported a broad range of EM HY credits, particularly in lower-rated sovereigns such as El Salvador, Ecuador, Bolivia, Ethiopia, Zambia, Ghana, and Sri Lanka. For the twelve months ending June 2025, EMBIGD Composite Index (USD terms) returned 10.73%. The EMBIGD High-Yield Index returned +14.92%, outperforming its investment-grade counterpart (+6.52%). From a regional perspective, Latin America and Africa led performance, each delivering +13.8%, ahead of the Middle East (+8.1%), Asia (+8.1%), and Central and Eastern Europe (+8.3%). Global EM issuance volumes rose 18% year-on-year, reflecting improved market access and investor appetite. Meanwhile, in the U.S., the 2-Year Treasury yield declined by 54bps to 3.72%, while the 10-Year yield increased by 20bps to 4.23%, resulting in a steepening of the 2yr-10yr curve by 74bps to +51bps. Commodity and currency markets also saw notable moves: Brent crude oil prices fell by 21%, the U.S. dollar weakened by 8%, while gold surged by 42%, underscoring a shift in investor preference toward safe-haven assets.

Market Outlook and Investment Strategy

We maintain a neutral stance on EM external debt, as uncertainties surrounding U.S. tariffs and broader macroeconomic headwinds continue to cloud the outlook across asset classes. However, these risks are partially offset by supportive fund flows and resilient market sentiment. We will adopt a more constructive view on the global market outlook if we see a combination of more favorable U.S. import tariff policies, stronger-than-expected regional growth, and greater-than-anticipated economic stimulus measures, particularly from China. Our portfolio positioning reflects this cautious approach. While we remain prudent in the current environment, we continue to seek opportunities through relative value trades. Notably, EM yields remain elevated, and carry continues to be a key long-term driver of returns. ## RESTRICTED ## For instance, we maintain a positive outlook on El Salvador and Uzbekistan. El Salvador,

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the third-largest economy in Central America, posted 2.6% GDP growth in 2024, reflecting underlying resilience. Meanwhile, Uzbekistan is undergoing a transition toward a market-oriented economy, marked by robust growth, resource-driven exports, and ongoing structural reforms.

Source: UOB AM

United Singapore Bond Fund

Investment and Market Review

With the elevated uncertainty due to the impact of tariffs on global trade, Singapore's economic data for May 2025 weakened, but not alarmingly so. Still, there were signs of increasing weakness in soft data (survey data) compared to hard data (actual activity). The Singapore Purchasing Managers' Index (PMI) fell below 50 for the first time in one and a half years to 49.6 in April 2025 (March 2025: 50.5), indicating a slowdown in manufacturing. This was due to the drag from the Electronics sector, as Electronics PMI also fell from 51.9 to 49.8. Industrial production moderated slightly to +5.9 per cent year-on-year (y/y) in April 2025 (March 2025: +6.8 per cent y/y), while the Non-oil Domestic Exports (NODX) growth accelerated to +12.4 per cent y/y (March 2025: +5.4 per cent y/y). Both indicators suggested the continued frontloading of activity during a tariff pause. Inflation remained contained in April 2025. Headline Consumer Price Index (CPI) was steady at +0.9 per cent y/y, unchanged from March 2025. Core inflation rose to 0.7 per cent y/y (March 2025: +0.5 per cent y/y), the first year-on-year increase in 6 months, driven by higher inflation in services and food categories. Inflation is expected to remain moderate, with the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) forecasting both headline and core inflation to average 0.5 to 1.5 per cent in 2025. The USDSGD continued its downward trend, falling from 1.306 to 1.291 during May 2025. The Singapore Dollar Nominal Effective Exchange Rate (\$SNEER) remained above its implied midpoint, estimated at +1.0 per cent by the end of May 2025. Issuance activity SGD corporate credit rebounded in May 2025, with SGD 1.966 billion issued (April 2025: SGD 140 million) across seven deals. In the financial space, we have Life-insurer, Prudential PLC (PRUFIN), doing its first SGD 600 million 10-year bullet subordinated issue (A3/BBB+ rated) at 3.8 per cent coupon, which saw strong investor demand. In addition, BNP Paribas and HSBC issued senior Total Loss Absorbing Capacity (TLAC) bonds at 7NC6 (a maturity of 7 years that has a non-call period of 6 years) and 8NC7 tenors, respectively. Meanwhile, in the real estate space, CapitaLand Ascott Trust issued SGD 260 million Perpetual Bonds (Perp) to refinance previous perpetual issues. The SGS curve continued to outperform the US Treasuries (USTs) in May 2025 with another bout of bull-steepening, still reflecting the strength in USDSGD as front-end yields ended May 15 to 20 basis points (bps) lower while the intermediate to long end of the curve was 5 bps lower. In contrast, the UST yields rose in May 2025, as the market reacted to the sustainability of the US's fiscal trajectory, having seen Moody's stripping the US of the Aaa rating, and the US President's One-Big-Beautiful-Bill deliberation happening in May 2025. Correlation between USTs and SGS continued to remain low, with the beta between 10-year SGS and USTs at 0.63. We see significant upside risks to US core inflation due to upcoming tariffs, but think that any increase is more unlikely to have any lasting impact over a year. Taken together, we are equally concerned with growth risks and inflation risks. As such, we expect the 10-Year bond yield to range between 4.25 per cent to 4.75 per cent. Looking ahead, the trading correlation of SGS with USTs will remain low. SGS bond yields are still compressing month-to-date in June 2025, about 14 bps to 18 bps lower. While the US still has an AAA

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rating by other agencies outside of the top three, foreign government pension funds like Hong Kong's Mandatory Provident Fund (MPF) may look to rebalance out their UST holdings should US loses even its AAA rating from Japan's Rating & Investment Information Inc, which is MPF's last approved rating agency. Such developments are likely only to drive more inflows into SGD and benefit SGS bond yields, given the handful Aaa rated sovereigns left, and amidst traditionally well-regarded lower volatility in the SGD.

Market Outlook and Investment Strategy

The Fund continues to overweight corporate credits for the purpose of overall yield enhancement and keeps a neutral duration position relative to the benchmark. We will continue to look for relative-value trades and bonds from good-quality issuers. SGS bond comprises about 40 per cent of the Fund, and we will maintain this level given this is the minimum weight that we will keep. The SGS bond holdings are at the intermediate to long end of the yield curve. This is in line with the strategy to be neutral on duration relative to the benchmark.

Source: UOB AM