

## HSBC Portfolios

# World Selection 4

Monthly report 31 March 2023 | Share class AC



## Investment objective

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



## Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, at least 90% of the Fund's exposure is to bonds, shares and alternative investment strategies. The Fund gains exposure to bonds that are investment grade, non-investment grade and unrated issued by the government, government-related entities, supranational entities and companies based in developed markets and emerging markets. The bonds can be denominated either in US dollar (USD), other developed markets currencies hedged into USD, or in emerging markets currencies. The Fund gains exposure to shares issued by companies of any size. The Fund may invest up to 100% in other funds although this investment will normally be between 50% and 100%. The Fund can have an exposure to bonds (or other similar securities) of up to 50% of its assets. The exposure to shares (or securities similar to shares) can be up to 100% of assets. The Fund may invest up to 20% in non-investment grade and unrated bonds, and up to 35% in alternative investment strategies. The Fund's primary currency exposure is to USD. See the Prospectus for a full description of the investment objectives and derivative usage.



## Main risks

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

## Share Class Details

### Key metrics

NAV per Share	<b>USD 18.68</b>
Performance 1 month	<b>1.40%</b>
Sharpe ratio 3 years	<b>0.65</b>

### Fund facts

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash / SRS (Supplementary Retirement Scheme)</b>

Dividend treatment	<b>Accumulating</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>10:00 Luxembourg</b>

Share Class Base Currency	<b>USD</b>
Domicile	<b>Luxembourg</b>

Inception date	<b>20 October 2009</b>
Fund Size	<b>USD 681,887,497</b>

Managers	<b>Kate Morrissey</b>
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### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000</b>
Maximum initial charge (SG)	<b>4.170%</b>
Management fee	<b>1.200%</b>

### Codes

ISIN	<b>LU0447611228</b>
Bloomberg ticker	<b>HSBC4AA LX</b>

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

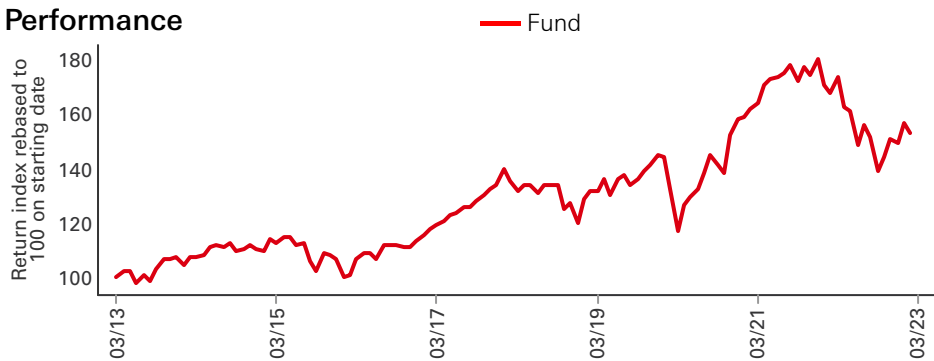
**Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark**

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

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

**Source: HSBC Asset Management, data as at 31 March 2023**

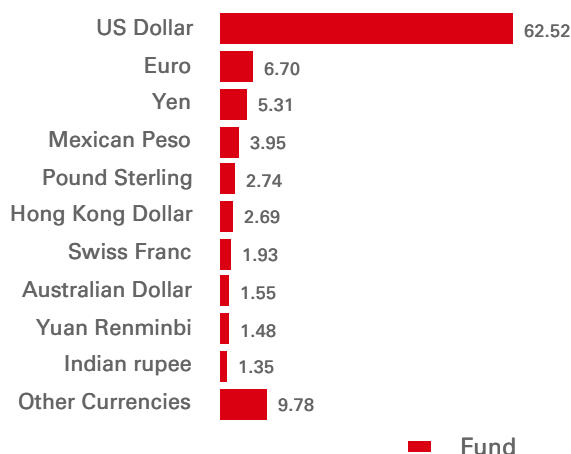
## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
<b>AC</b>	<b>4.26</b>	<b>1.40</b>	<b>4.26</b>	<b>11.67</b>	<b>-10.49</b>	<b>10.08</b>	<b>3.36</b>
AC (Net)*	0.09	-2.65	0.09	7.20	-14.07	8.59	2.52

Calendar year performance (%)	2018	2019	2020	2021	2022
<b>AC</b>	<b>-10.45</b>	<b>21.11</b>	<b>8.88</b>	<b>14.01</b>	<b>-17.14</b>
AC (Net)*	-14.04	16.26	4.52	9.45	-20.46

## Currency Allocation (%)



## Asset allocation (%)

Asset Allocation	Fund
<b>Global Equity</b>	<b>70.37</b>
Global Government Bond	4.61
Global Corporate Bond	1.01
Global High Yield Bonds	2.10
Global Asset Backed Bonds	0.26
Emerging Market Debt - Hard Currency	1.86
Emerging Market Debt - Local Currency	4.32
Global Inflation Linked Bonds	0.26
<b>Property</b>	<b>3.77</b>
<b>Trend Following</b>	<b>2.79</b>
<b>Commodities</b>	<b>1.97</b>
Cash/Liquidity	2.73
Listed Infrastructure	3.95

## Top 10 Holdings

Top 10 Holdings	Weight (%)
HSBC Multi Factor Worldwide Eq ETF	13.26
Vanguard FTSE All-World UCITS ETF	11.19
HSBC American Index Institutional Acc	9.04
HSBC S&P 500 UCITS ETF	8.35
HSBC FTSE All-World Index Instl Acc	7.93
HSBC MSCI Emerg Mkts ETF	4.92
HSBC GIF Global EM Local Dbt ZQ1	4.32
HSBC GIF Global Infrastructure Equity ZD	3.95
HSBC GIF Global RE Eq ZQ1	3.77
HSBC European Index Institutional Acc	3.52

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

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

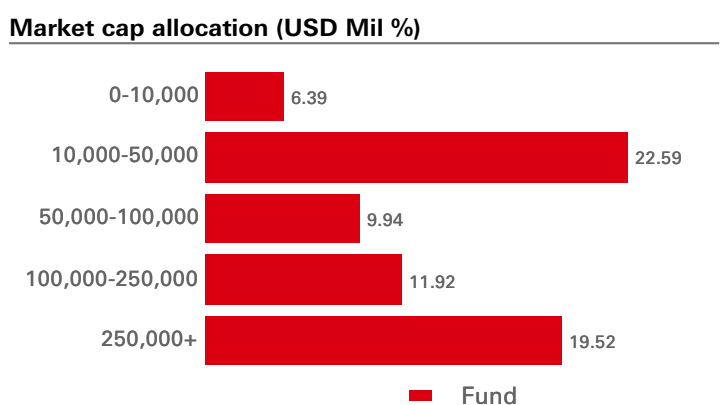
\*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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

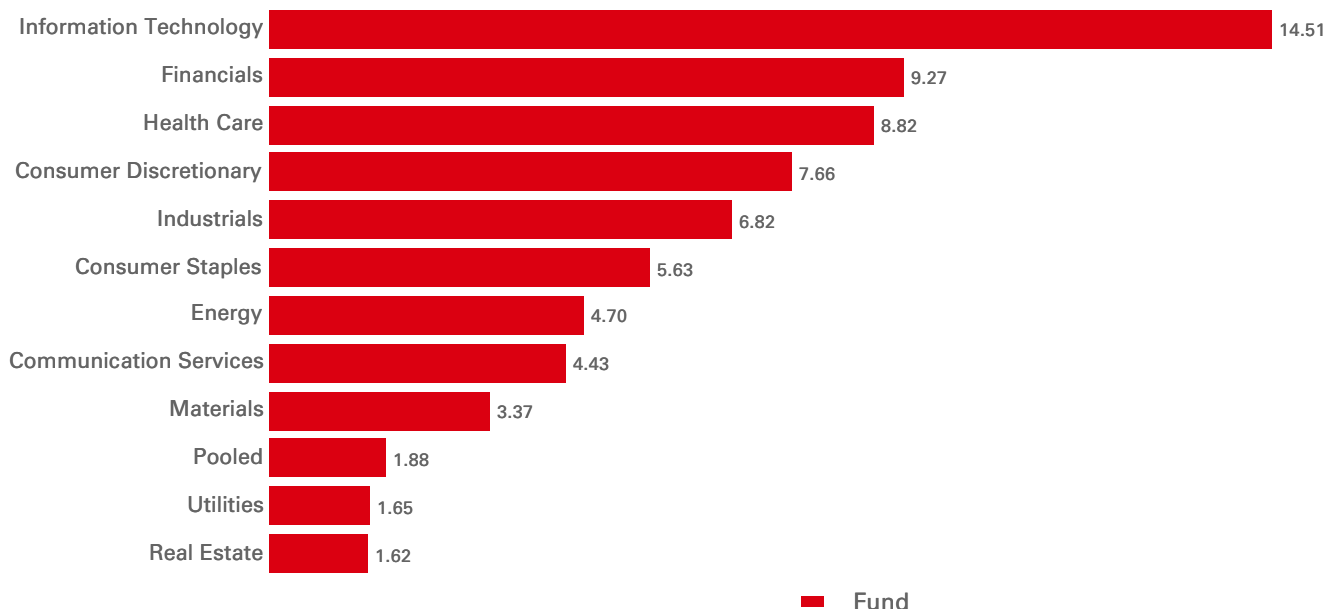
Source: HSBC Asset Management, data as at 31 March 2023

Equity top 10 holdings	Location	Sector	Weight (%)
Apple Inc	United States	Information Technology	2.66
Microsoft Corp	United States	Information Technology	2.24
Alphabet Inc	United States	Communication Services	1.20
Exxon Mobil Corp	United States	Energy	0.96
Amazon.com Inc	United States	Consumer Discretionary	0.88
UnitedHealth Group Inc	United States	Health Care	0.65
Chevron Corp	United States	Energy	0.64
Johnson & Johnson	United States	Health Care	0.61
Meta Platforms Inc	United States	Communication Services	0.56
NVIDIA Corp	United States	Information Technology	0.50

Equity characteristics	Fund	Reference benchmark
Average Market Cap (USD Mil)	313,380	--
Price/earning ratio	13.54	--
Portfolio yield	2.29%	--

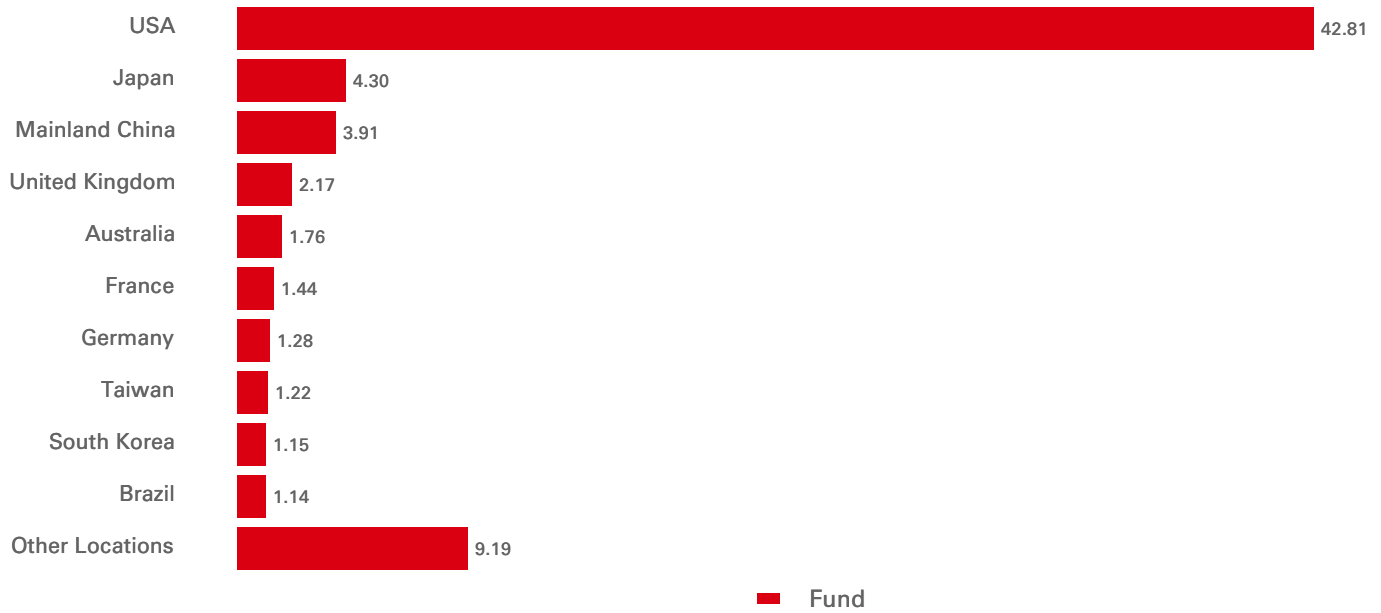


**Equity sector allocation (%)**



**Equity geographical allocation (%)**

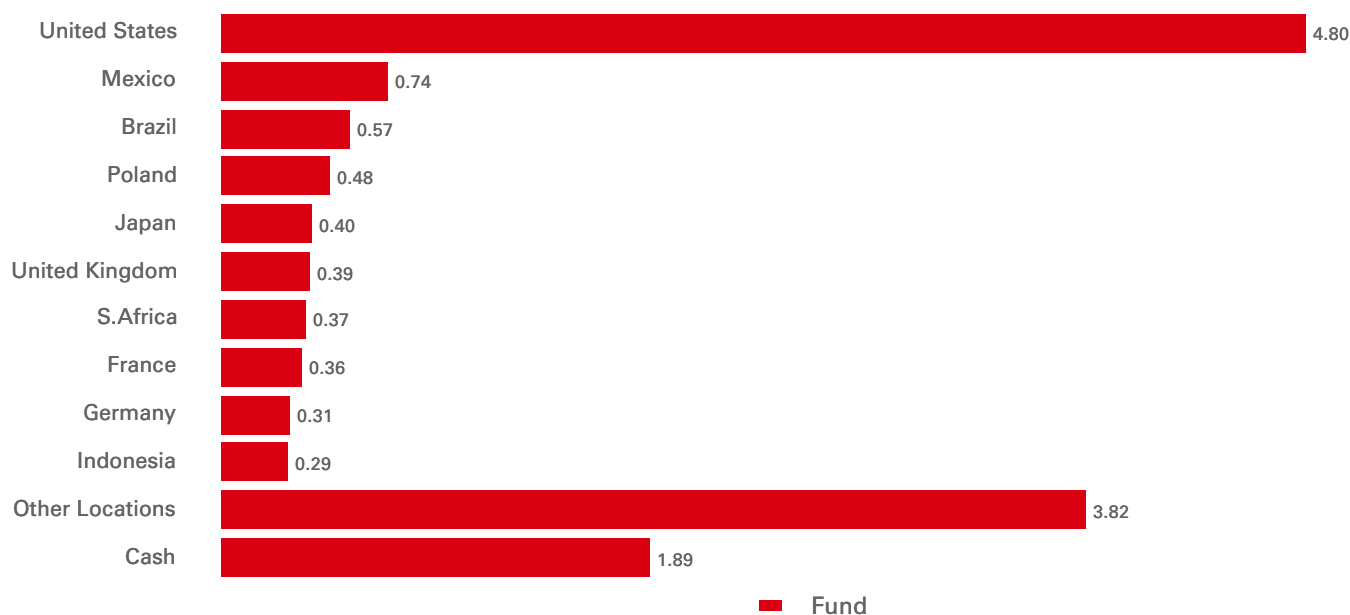
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Fixed Income Characteristics	Reference		Credit rating (%)	Reference	
	Fund benchmark	Relative		Fund	benchmark
Yield to worst	6.68%	--	AAA	4.00	--
Yield to maturity	6.80%	--	AA	0.81	--
Option Adjusted Duration	5.31	--	A	1.75	--
Rating average	A/A-	--	BBB	2.40	--
			BB	2.21	--
			B	1.06	--
			CCC	0.16	--
			CC	0.04	--
			NR	0.11	--
			Cash	1.89	--

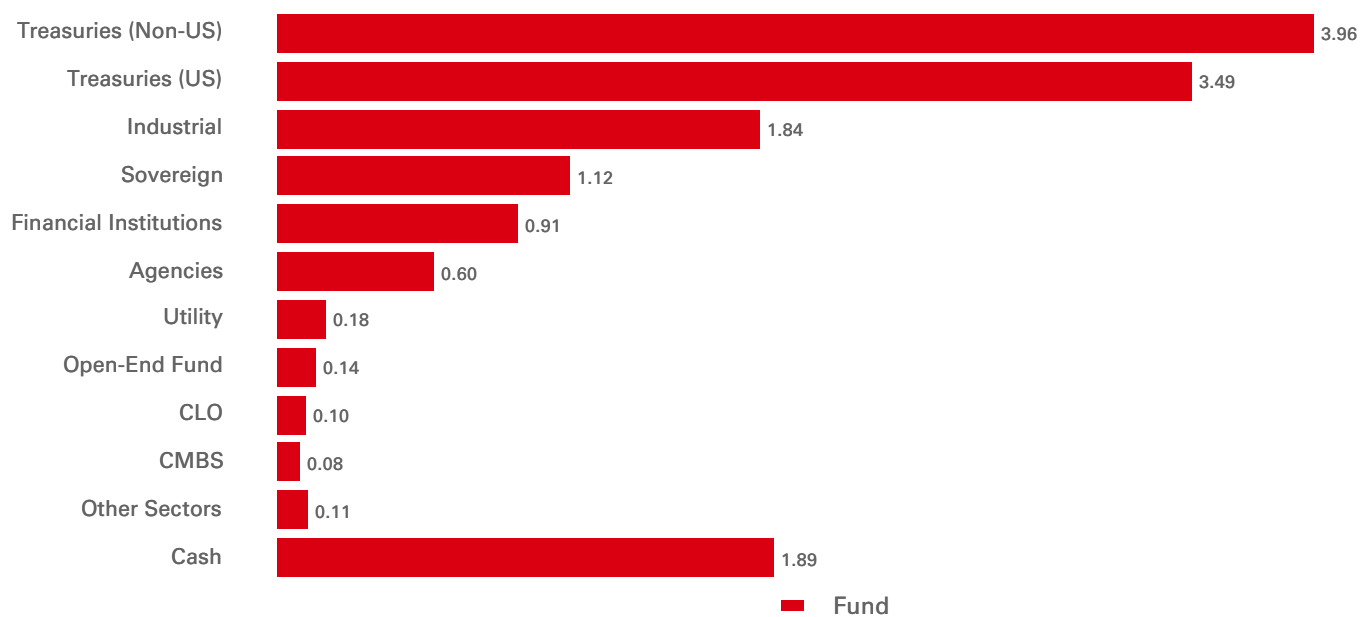
Fixed income top 10 holdings	Location	Instrument type	Weight (%)
US TREASURY N/B 1.625 15/05/2031 USD	United States	Treasury Note	0.40
US TREASURY N/B 2.375 15/11/2049 USD	United States	Government Bond	0.35
TREASURY BILL 0.000 23/05/2023 USD	United States	Treasury Bill	0.34
TREASURY BILL 0.000 09/05/2023 USD	United States	Treasury Bill	0.32
POLAND GOVERNMENT BOND 2.500 25/07/2027 PLN	Poland	Government Bond	0.27
US TREASURY N/B 0.875 15/11/2030 USD	United States	Treasury Note	0.24
TREASURY BILL 0.000 20/04/2023 USD	United States	Treasury Bill	0.22
MEX BONOS DESARR FIX RT 7.500 03/06/2027 MXN	Mexico	Government Bond	0.18
LETRA TESOURO NACIONAL 0.000 01/07/2023 BRL	Brazil	Government Bond	0.17
US TREASURY N/B 1.375 15/11/2031 USD	United States	Treasury Note	0.17

#### Fixed income geographical allocation (%)



Geographical Allocation (Option Adjusted Duration)	Fund	Reference benchmark	Relative
United States	2.51	--	--
Japan	0.24	--	--
United Kingdom	0.19	--	--
Mexico	0.16	--	--
S.Africa	0.15	--	--
Indonesia	0.13	--	--
France	0.13	--	--
Malaysia	0.10	--	--
Brazil	0.08	--	--
Germany	0.08	--	--
Other Locations	1.45	--	--
Cash	0.00	--	--

**Fixed income sector allocation (%)**



	3 year total return (%)	Amount based on USD 1000 invested	3 Year Volatility (%)
<b>HSBC Portfolios - World Selection 4 AC</b>	<b>10.08</b>	<b>1,333.89</b>	<b>14.12</b>
Peer Group Average - EAA Fund USD Aggressive Allocation	8.99	1,294.84	12.98
Lowest Returning Fund in Peer Group	-2.05	939.89	6.82
Highest Returning Fund in Peer Group	80.07	5,838.81	36.06
Cash	1.37	1,041.80	0.50

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

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

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

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

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

## Monthly performance commentary

Market Review - At the global level major asset classes managed to deliver positive returns over the month as concerns around the banking sector were assuaged by regulators and markets priced in fewer central bank rate hikes from here. Markets were shocked by the collapse of Silicon Valley Bank, with the spotlight quickly moving to other US regional banks and then to Credit Suisse in Europe. Regulators and central banks acted swiftly to maintain financial stability by providing liquidity and announcing other measures, with UBS agreeing to a government-brokered deal to acquire Credit Suisse. It was notable that central banks separated their role of maintaining financial stability from continuing to fight inflation. Despite the turmoil in the banking sector, the US federal Reserve hiked rates by 25bps, with the ECB and Bank of England hiking by 50bps and 25bps respectively. However, markets moderated their expectations of further hikes from here and now price in US rate cuts later this year. Against that background, risk assets performed poorly in the first half of the month, before rallying to close higher at the global level. Within equities, developed markets outperformed emerging markets, helped by the US where the technology sector performed especially well, benefiting from falling government yields. Unsurprisingly, Financials and Real Estate were among the worst performers, posting negative returns. The fixed income complex performed well as government bond yields fell sharply, especially at the short end of curves. Corporate debt generally posted more modest gains as credit spreads widened. Looking at currencies, the US dollar strengthened during the banking turmoil, before easing to close the month lower as the stress passed and markets priced in a lower trajectory for interest rates. Performance within commodities generally reflected concerns over a slowing growth; oil prices fell while gold posted a modest gain.

Portfolio performance - Equity and bond markets delivered strong positive returns during March, resulting in positive performance across all five portfolios. The World Selection portfolios are actively positioned against a long term strategic asset allocation. During March, the active positioning detracted given the rally in risk markets and the portfolios' cautious positioning. Most notably, the underweight to global equity and overweight to trend following hedge funds detracted. Conversely, our underweight to duration and US Steepener trades both added value. The relative value equity positioning also detracted over the month with the overweight to US Energy versus broad US equity and overweights to China and Brazil versus broad emerging markets detracting the most. Finally, the active currency positioning contributed over the period; our underweight to the US dollar added value as the greenback continued to slide.

Investment Team Views and Portfolio Positioning - There are four key themes in markets that we are positioned to capture within the World Selection portfolios:

1. Slowing Growth in Developed Markets - We expect tight financial conditions to slow GDP growth in key developed economies during 2023. As a result, we remain underweight developed market equity and high yield bonds. In March we further reduced our high yield bond exposure after notable spread compression in the first two months of the year. As the economy enters recession, and monetary tightening slows, we expect the yield curve to steepen, as a result we hold a US curve steepener position in portfolios. This trade delivered strong returns in March as shorter dated yields fell sharply, and we increased the size of the position. We continue to hold exposure to a basket of liquid alternatives, which extend diversification and can provide positive returns, even during difficult periods of slowing growth.

2. Corporate Indices Now Delivering Yield (CINDY) - Short dated bonds are providing very attractive levels of income, while slowing monetary tightening improves the future prospects of the asset class, particularly in the US. At the start of March, yields on long dated US government bonds reached almost 4%, motivating an increase in duration through the addition of a position in 30 Year Treasuries. Towards the end of the month, as yields compressed significantly on investor concerns around the banking sector, we reduced duration again.

We also hold an overweight to shorter duration corporate bonds, although trimmed this position marginally in March.

3. Bumpy disinflation - While inflation has begun to fall, we expect price pressure to remain elevated this year, and are therefore overweight inflation sensitive areas of the market e.g. Quality and Defensive equities. Our expectation is that the pricing power wielded by these companies will ensure profits remain resilient even as inflation increases their costs. We are also overweight the Energy sector which will benefit from elevated oil and gas prices and is structurally supported by the long-term underinvestment in new development. We are overweight Brazil equity versus Emerging Market equity on the country's positive momentum, strong macroeconomic backdrop, and attractive fundamentals. During March we increased our commodity exposure in portfolios, as the asset class has historically performed well in elevated inflation environments.

4. China Re-Opening After COVID-19 Lockdowns -As China moves away from its Zero COVID policy, we expect economic activity to pick-up, and EM asset classes to rally. As a result, we are overweight emerging market equity versus developed market equity and hold a relative value position in China A-Shares versus broad emerging market equity. We also have an overweight to local currency emerging market debt, and a preference for Asia over Global high yield bonds. During March we marginally reduced our exposure to emerging market debt and Asia high yield, to lower portfolio risk.

Outlook - Recent banking sector developments are likely to tighten lending standards among Western banks. This adds to macroeconomic headwinds stemming from higher interest rates and raises the probability of recession. However, we do not expect a severe recession. Strong private sector balance sheets, and no return to the fiscal austerity of the 2010s, point to a more average-looking recession scenario ahead. Our central scenario assumes that limited tightening continues in the near term, driven by central bankers' inflation concerns. We think Fed policy rates peak at around 5.5% Ultimately, we believe central bankers will then have to ease policy in late 2023 and 2024, as recessions bite. Asia finds itself in a 'parallel world', far removed from the recession and persistent inflation mix in the West. China's rapid re-opening will buoy growth in the region, helping to offset weaker Western demand. In light of the above, we remain underweight global equity in portfolios, with a preference for emerging markets over developed markets. Within developed


**The stocks mentioned are for illustrative purposes only and are not investment advice, investments have risks.**  
**Source: HSBC Asset Management, data as at 31 March 2023**



## Risk Disclosure

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

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### Glossary



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

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Company Registration No. 198602036R

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

## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC EUR	2.36	-1.02	2.36	0.69	-8.33	10.44	5.96
AC EUR (Net)*	-1.73	-4.98	-1.73	-3.34	-12.00	8.95	5.10
AC GBP	1.64	-0.71	1.64	0.82	-4.68	10.18	6.01
AC GBP (Net)*	-2.43	-4.69	-2.43	-3.22	-8.49	8.69	5.14
AC SGD	3.01	0.15	3.01	3.47	-12.06	7.59	3.65
AC SGD (Net)*	-1.11	-3.85	-1.11	-0.67	-15.58	6.14	2.81
AC USD	4.26	1.40	4.26	11.67	-10.49	10.08	3.36
AC USD (Net)*	0.09	-2.65	0.09	7.20	-14.07	8.59	2.52
ACHSGD SGD	3.91	1.28	3.91	10.99	-11.35	9.28	--
ACHSGD SGD (Net)*	-0.25	-2.78	-0.25	6.55	-14.90	7.80	--
AMFLX USD	4.25	1.40	4.25	11.65	-10.50	10.03	--
AMFLX USD (Net)*	0.08	-2.66	0.08	7.18	-14.09	8.54	--
AMFLXHSGD SGD	3.88	1.26	3.88	10.91	-11.46	9.27	--
AMFLXHSGD SGD (Net)*	-0.28	-2.80	-0.28	6.47	-15.00	7.79	--

Calendar year performance (%)	2018	2019	2020	2021	2022
AC EUR	-5.96	23.60	-0.83	23.77	-11.98
AC EUR (Net)*	-9.73	18.66	-4.80	18.81	-15.50
AC GBP	-4.50	17.14	4.91	14.97	-7.22
AC GBP (Net)*	-8.33	12.45	0.71	10.37	-10.93
AC SGD	-8.47	19.55	6.81	16.56	-17.54
AC SGD (Net)*	-12.14	14.76	2.53	11.89	-20.84
AC USD	-10.45	21.11	8.88	14.01	-17.14
AC USD (Net)*	-14.04	16.26	4.52	9.45	-20.46
ACHSGD SGD	--	--	7.44	13.58	-17.75
ACHSGD SGD (Net)*	--	--	3.14	9.03	-21.04
AMFLX USD	--	--	8.82	13.94	-17.17
AMFLX USD (Net)*	--	--	4.47	9.38	-20.48
AMFLXHSGD SGD	--	--	7.47	13.60	-17.81
AMFLXHSGD SGD (Net)*	--	--	3.16	9.06	-21.10

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.  
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 Source: HSBC Asset Management, data as at 31 March 2023

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHSGD	SGD	--	--	--	--
AMFLX	USD	Monthly	29 March 2023	0.438273	5.70%
AMFLXHSGD	SGD	Monthly	29 March 2023	0.332428	4.40%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 October 2009	LU0447611228	USD	USD 5,000	18.68	1.200%	Accumulating
ACHSGD	14 January 2019	LU1863921919	SGD	USD 5,000	12.05	1.200%	Accumulating
AMFLX	16 April 2019	LU1926172609	USD	USD 5,000	96.11	1.200%	Distributing
AMFLXHSGD	16 April 2019	LU1978543160	SGD	USD 5,000	93.93	1.200%	Distributing

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

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

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

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

Source: HSBC Asset Management, data as at 31 March 2023