

HSBC Portfolios - World Selection 5

Share Class AC

30 Apr 2019

Fund Objective and Strategy

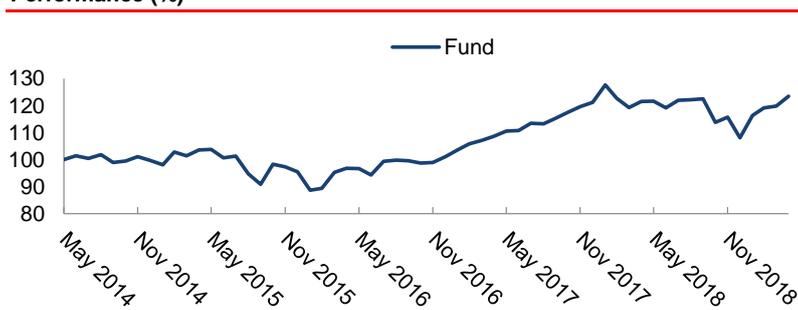
Investment Objective

The Fund aims to provide long term total returns (meaning capital growth and income). It does so by investing in shares and bonds of companies or governments, either directly or through investing into other funds. The Fund seeks to apply a high risk Investment Strategy.

Investment Strategy

At least 90% of the fund's exposure is to bonds, shares and other asset classes (for example, real estate, private equity, hedge fund strategies and commodities). The Fund gains exposure to bonds that are investment and non-investment grade. These bonds can be issued/guaranteed by governments, government agencies or supranational bodies or by companies in both developed and emerging markets. These bonds can be denominated in various currencies. The Fund gains exposure to shares and equity-equivalent securities issued by companies in both developed and emerging markets. There aren't restrictions on the size of the companies held in the Fund. The Fund may invest up to 100% of its assets in other eligible funds. The Fund's exposure to such holdings will normally be between 50% and 100%. The fund's primary currency exposure is to the US dollar. See the Prospectus for a full description of the investment objectives and policy.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Vol ²	S.R. ³
AC	14.21	3.09	6.16	1.64	8.46	4.90	12.55	0.37

Rolling Performance (%)	30 Apr 2018-30 Apr 2019	30 Apr 2017-30 Apr 2018	30 Apr 2016-30 Apr 2017	30 Apr 2015-30 Apr 2016	30 Apr 2014-30 Apr 2015
AC	1.64	11.84	12.25	-6.59	6.55

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

Source: HSBC Global Asset Management, data as at 30 April 2019

Risk Disclosure

- 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.
- 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.
- Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.

Share Class Details

UCITS V Compliant	Yes
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	10:00 Luxembourg
Min. Initial Investment	USD 5,000
Ongoing Charge Figure ⁴	1.520%
Base Currency	USD
Domicile	Luxembourg
ISIN	LU0447611657
Inception Date	20 Oct 2009
NAV per Share	USD 16.53
Fund Size	USD 327,934,318
Bloomberg Ticker	HSBC5AA LX
Manager	Kate Morrissey David McNay

¹Result is annualised when calculation period is over one year.

²Volatility since inception, a measure of how much a fund's price goes up or down as a percentage of its average performance.

³Sharpe ratio since inception, a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations.

⁴Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figure may vary from time to time.

Monthly Performance Commentary

Macro commentary

April was another good month for risk assets, with global equities returning 3.4% over the month. So far this year, global equities have returned 16.0%, driven by the US and Europe on the back of upbeat economic and corporate data and supported by improved optimism over US-China trade talks. Q1 US GDP growth came in stronger than expected, hitting 3.2% annualised, boosted by trade, although domestic demand cooled. Despite the strong growth numbers, inflation remains comfortably within the Fed's tolerance at 1.6%. The latest surveys in the Eurozone suggest continuing headwinds for the industrial sector, with the HIS Markit Flash Eurozone Manufacturing PMI coming in at 48.1, driven lower by Germany at 44.5 (a figure below 50 indicates contraction). The overall composite PMI numbers were more robust, supported by strong data from the Services PMIs. UK performance continues to be fairly solid, although uncertainty around the Brexit situation continues to weigh on investment sentiment. In Japan, weak investment spending has been putting pressure on the investment sector. This year's consumption tax hike represents a downside risk to spending. Moving to emerging markets, and there are ongoing signs of an economic recovery in China. Q1 GDP numbers beat expectations and industrial production data pointed towards a strong rebound in March. Fixed income markets were more mixed compared to the strong returns seen from equities in April. Global government bonds, along with EMD local currency bonds, delivered negative returns. However, the environment was more supportive of credit asset classes with both investment grade and high yield credits both in positive territory over the month. Finally, oil prices rose amid political instability in Venezuela and Libya and as the US ended sanctions waivers on Iranian oil imports.

Portfolio performance

In April, our tactical positions detracted modestly compared to our long term allocations. Whilst our overweight in EMD local currency bonds and emerging market equities detracted slightly, our underweights in global high yield and EMD hard currency bonds added value.

Outlook

Our global Nowcast (our big data analysis tool) remains below our sense of long term trend growth. However, there are broad signs of improvement. Therefore, we believe that we are in a cyclical slowdown, rather than seeing the beginning of a more severe recessionary environment. US growth remains above trend and the labour market is tight. However, inflation remains under control and the Federal Reserve remains "patient" and has no strong bias on the direction of the next policy move. The European Central Bank became more dovish at its March meeting, signalling no rate rises this year and a new round of cheap loans to banks. The Bank of Japan is expected to keep an expansionary stance as inflation is set to remain well below their 2% target. Both equities and bonds have delivered positive returns so far this year. For this to continue, we need to see a further pickup in economic activity, potentially driven by an improvement in China. Corporate fundamentals remain solid, but have deteriorated since last year. In our view, US bonds have reached an extreme level of over valuation and the relative attractiveness of equities over bonds remains clear. Inflation remains a neglected risk and we are not being compensated for bearing the risk of an inflation shock by holding government bonds.

Positioning

Fixed Income

The portfolios have remained underweight fixed income assets as yields and potential returns have remained low. Riskier, EM debt securities remain attractive, especially in local currencies, where potential currency appreciation could provide a tailwind to performance. However, it is important to be selective.

Equity

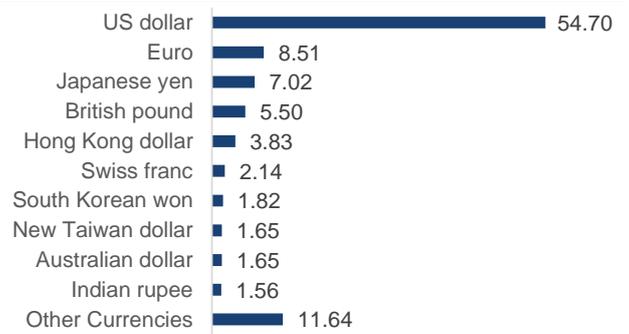
We retain our view that the most effective way to access the global growth story is through equities. Our leading indicators suggest that we are not yet at the end of the economic cycle. We retain our preference for Japan equity, albeit slightly tempered, due to attractive valuations and loose monetary policy. We add a preference for UK equity as UK markets have underperformed and valuations currently look attractive. EM equity continues to be attractive amid a more positive backdrop. Valuations have improved and there is potential for improvement in macroeconomic performance in 2019.

Portfolio

Portfolio Asset Allocation (%)

Global Equity	81.45
Global Fixed Income	6.94
Global High Yield Bond	1.44
Emerging Market Debt - Hard Currency	0.99
Emerging Market Debt - Local Currency	4.51
Property	4.88
Alternatives	5.12
Cash	1.60

Currency Exposure at Portfolio Level (%)



Portfolio Top 10 Holdings

	Weight (%)
HSBC FTSE ALL-WORLD INDEX INSTL ACC	15.68
HSBC AMERICAN INDEX INSTITUTIONAL ACC	15.06
ISHARES CORE S&P 500 ETF USD ACC	10.10
HSBC EUROPEAN INDEX INSTITUTIONAL ACC	7.44
HSBC ECONOMIC SCALE WORLDWIDE EQUITY ETF	7.23
ISHARES CORE MSCI EM IMI ETF USD ACC	6.19
HSBC GIF GLOBAL REAL ESTATE EQ ZQ1	4.88
HSBC GIF GLOBAL EM MKTS LOCAL DBT ZQ1	4.51
HSBC MULTI FACTOR WORLDWIDE EQUITY ETF	4.38
HSBC JAPAN INDEX INSTL ACC	4.03

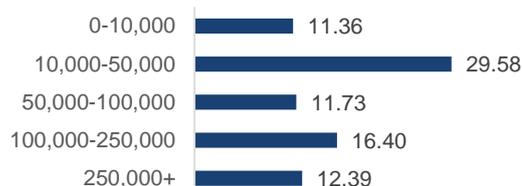
Source: HSBC Global Asset Management, data as at 30 April 2019.

Equity

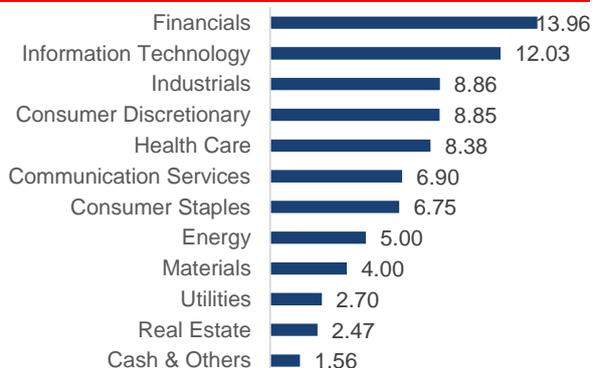
Equity Characteristics

P/E Ratio	14.48
Weighted Average Market Cap (USD Mil)	141,085.50
Dividend Yield	2.52

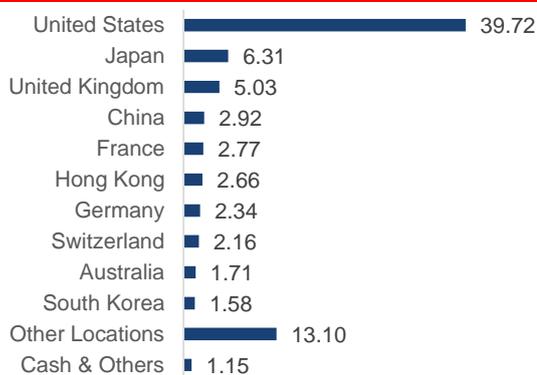
Equity Average Market Cap Breakdown (USD Mil, %)



Equity Sector Allocation (%)



Equity Geographical Allocation (%)



Equity Top 10 Holdings

Equity Top 10 Holdings	Location	Sector	Weight (%)
MICROSOFT CORP	United States	Information Technology	1.53
APPLE INC	United States	Information Technology	1.44
AMAZON.COM INC	United States	Consumer Discretionary	0.82
FACEBOOK INC-CLASS A	United States	Communication Services	0.72
JPMORGAN CHASE & CO	United States	Financials	0.59
JOHNSON & JOHNSON	United States	Health Care	0.59
BERKSHIRE HATHAWAY INC-CL B	United States	Financials	0.57
EXXON MOBIL CORP	United States	Energy	0.56
NESTLE SA-REG	Switzerland	Consumer Staples	0.46
ALIBABA GROUP HOLDING-SP ADR	China	Consumer Discretionary	0.43

Please note some securities are unclassified against these sector and/or country schemes and will therefore appear under the Cash & Others category.

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 Global Asset Management, data as at 30 April 2019.

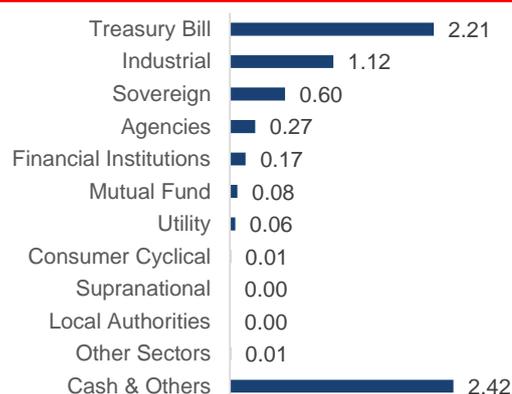
Fixed Income

Fixed Income Characteristics		Fixed Income Characteristics	
Yield to Maturity (Gross)	6.76	Option Adjusted Duration	3.08
Yield to Worst (Gross)	6.59	Rating Average	A-/BBB+

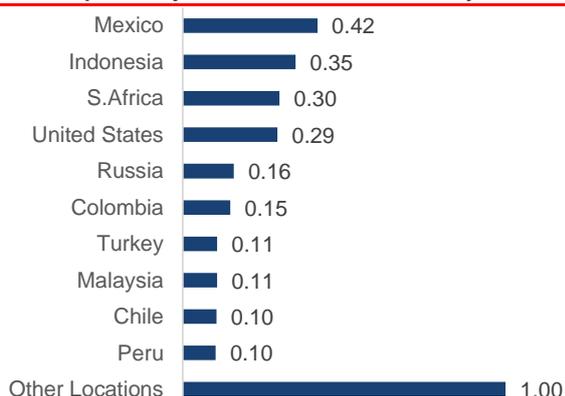
Fixed Income Quality Rating Allocation (%)



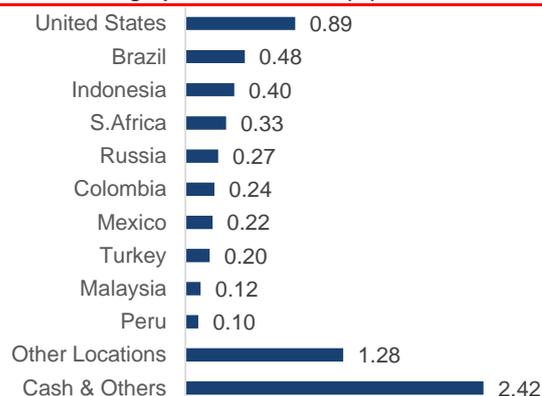
Fixed Income Sector Allocation (%)



Fixed Income Option Adjusted Duration Allocation by Location



Fixed Income Geographical Allocation (%)



Fixed Income Top 10 Holdings	Location	Instrument Type	Weight (%)
LETRA TESOURO NACIONAL 0.0000 01-JUL-19	Brazil	Treasury Bills	0.33
INDONESIA GOVERNMENT 8.3750 15-MAR-24	Indonesia	Government Bond	0.10
REPUBLIC OF SOUTH AFRICA 10.5000 21-DEC-26	South Africa	Government Bond	0.09
REPUBLIC OF SOUTH AFRICA 7.0000 28-FEB-31	South Africa	Government Bond	0.09
REPUBLIC OF PERU 6.3500 12-AUG-28	Peru	Government Bond	0.07
INDONESIA GOVERNMENT 6.1250 15-MAY-28	Indonesia	Government Bond	0.07
TITULOS DE TESORERIA B 6.0000 28-APR-28	Colombia	Government Bond	0.06
MALAYSIA GOVERNMENT 3.9550 15-SEP-25	Malaysia	Government Bond	0.06
TITULOS DE TESORERIA B 11.0000 24-JUL-20	Colombia	Government Bond	0.06
REPUBLIC OF SOUTH AFRICA 8.0000 31-JAN-30	South Africa	Government Bond	0.06

Please note that the fixed income allocation tables are calculated using contributions to the fixed income portion, with the equity portion excluded here.

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Source: HSBC Global Asset Management, data as at 30 April 2019.

Important Information

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Further Information can be found in the prospectus.

Terms of Glossary

Convertible bond: a type of bond that the holder can convert into a specified number of shares of common stock in the issuing company or cash of equal value.

Corporate bond: a bond issued by a company in order to raise financing.

Coupon: the annual interest rate paid on a bond, expressed as a percentage of the face value.

Credit quality: one of the principal criteria for judging the investment quality of a bond or bond mutual fund.

Developed markets: countries that are most developed in terms of its economy and capital markets.

Duration: a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates.

Emerging markets (EM): nations' economies in the process of fast economic growth. Investments in emerging markets are generally considered to be with higher risk.

Government bond or Gilt: a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government.

High yield bond / Non-investment grade bond: fixed income security with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default, but have the potential for higher rewards.

Information ratio: ratio of portfolio returns above/under the returns of a benchmark to the volatility of those returns.

Investment grade bond: considered investment grade or IG if its credit rating is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's.

Maturity: the period of time for which a financial instrument remains outstanding.

Modified duration to worst: the lowest potential duration that will achieve on a bond without the issuer actually defaulting.

Option adjusted duration (OAD): a duration value based on the probability of early redemption call by the bond issuer.

Option adjusted spread duration (OASD): estimates the price sensitivity of a bond to a 100 basis-point movement (either widening or narrowing) in its spread relative to Treasuries, taking into account the likelihood of early redemption.

Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations.

Tracking error: a measure of how closely a portfolio follows the index to which it is benchmarked.

Volatility: a measure of how much a fund's price goes up or down as a percentage of its average performance.

Yield to maturity: the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage.

Yield to worst: the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage.

Rating: rating of a debtor (credit rating) by rating agencies is based on specific criteria such as debt situation, country risk etc. Ratings from Moody's and Standard & Poor's® is the most widely used systems in the international markets with range from AAA and Aaa (highest credit rating) to D (Debtor in financial difficulties, repayment already distressed).

NAV: stands for net asset value. It is used on funds and represents the value of all assets and receivables less debt, liability and costs. Typically, it is reported as a value per share.

Swap: a derivative contract through which two parties exchange financial instruments. E.g. in an interest swap, typically one contracting party pays a fixed interest while the other pays a variable interest.

Futures: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

Shares: units of ownership interest in a corporation or financial asset that provide for an equal distribution in any profits, if any are declared, in the form of dividends. The two main types of shares are common shares and preferred shares. Physical paper stock certificates have been replaced with electronic recording of stock shares, just as mutual fund shares are recorded electronically.

Bond: a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debt holders, or creditors, of the issuer.

Price Earnings (P/E) Ratio: the price paid for a share divided by the annual profit earned by the firm per share.

Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.□

Market capitalization: refers to the total dollar market value of a company's outstanding shares. Commonly referred to as "market cap," it is calculated by multiplying a company's shares outstanding by the current market price of one share.