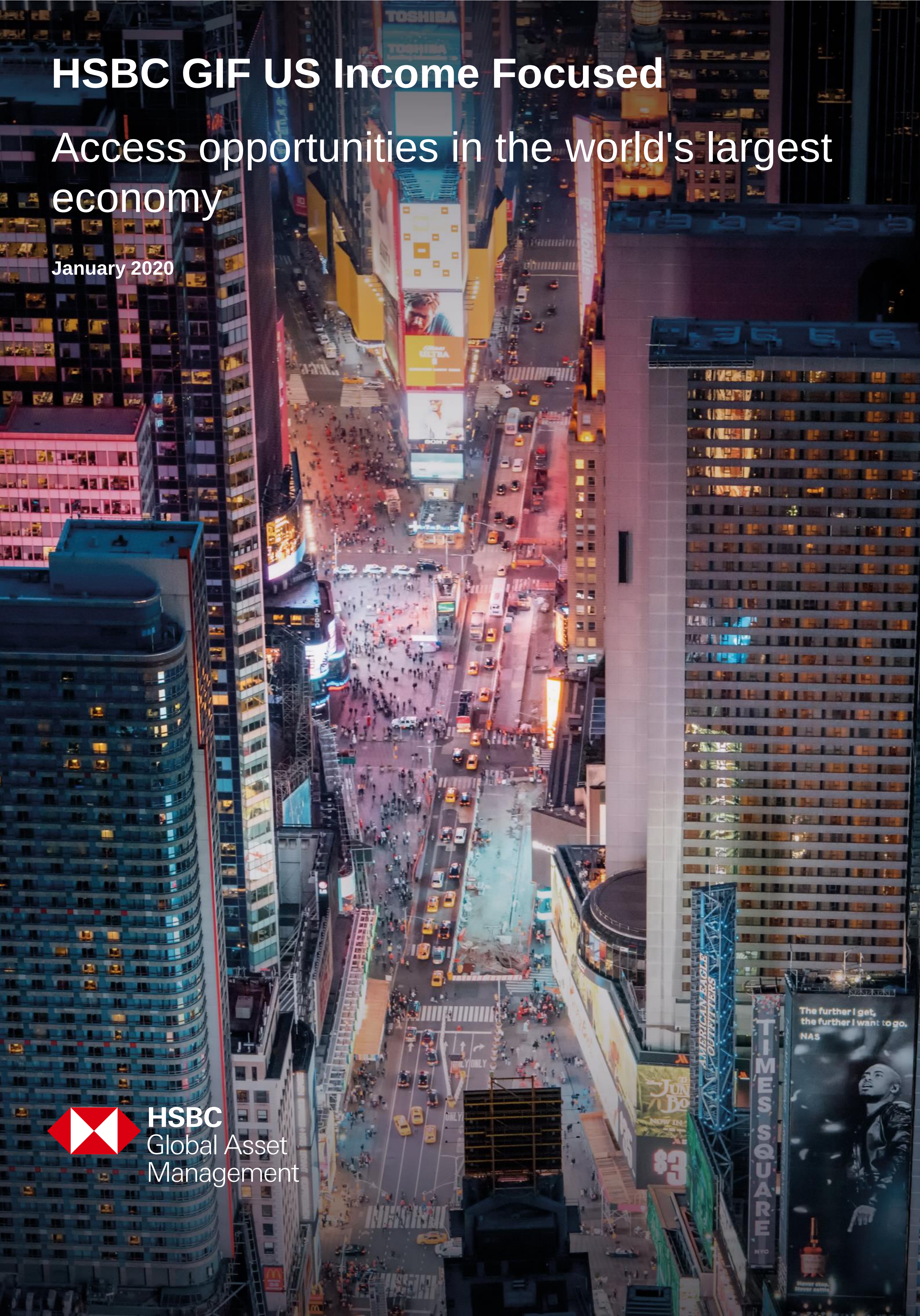
HSBC GIF US Income Focused

Access opportunities in the world's largest economy

January 2020



HSBC
Global Asset
Management

Why the US?

The size and stability of the US economy and its investment markets help drive demand for US investment assets. Many investors have benefited from resilience in the US economy recently, which has translated to strong investment returns, as much of the rest of the world experienced a slowdown in growth.

The **HGIF US Income Focused** fund offers a diverse portfolio of primarily US assets, focused on capturing opportunities to deliver regular income alongside capital growth potential over the long-term.

Why invest in the US now?

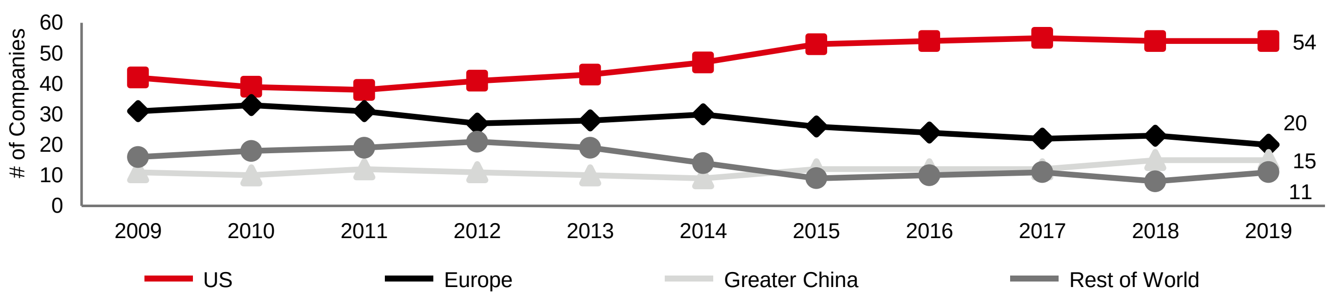
American companies account for more than half of the Global Top 100 companies.[1]

The US is currently the fastest growing developed market economy, delivering strong investment returns with steady economic and company earnings growth.

Looking ahead, we expect the US to continue near its current growth level, with a strong labour market continuing to support consumer spending and economic activity.

The Federal Reserve (US central bank) is expected to keep interest rates low, which is beneficial for economic growth and investment markets.

Global top 100 companies by region[1]



Why consider a US multi-asset approach?

With a multi-asset approach you can capture the US’s strong growth potential, while expanding opportunities and diversifying risks across asset classes, such as stocks, bonds and property.

A diversified approach can improve returns for the same level of risk compared to investing in a single asset class.

Reliable and growing US company earnings support stable dividends, which combined with higher interest rates and bond yields than other developed markets, allows for steady income flows.

Past performance should not be seen as an indication of future returns. Any views expressed were held at the time of preparation and are subject to change without notice.

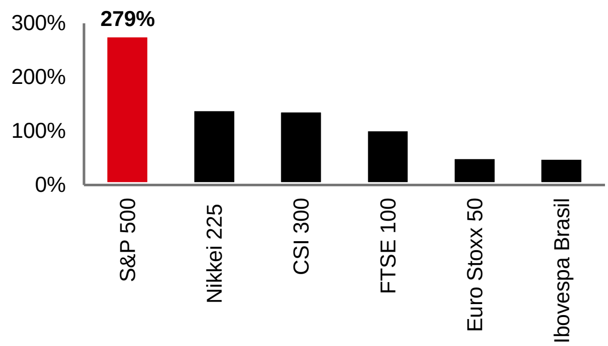
[1] Source: PWC, global ranking of top 100 companies by market capitalisation, August 2019.

A diversified approach to investing in the US

Stock market outperformance

- Returns for the S&P 500 (US stock market index) have outpaced most markets over the last 10 years
- Steady economic growth, strong labour markets and consumer spending are positives for US equities
- Uncertainty related to trade tensions and other factors may contribute to some moderation in growth, but a continuation of supportive policy by the Federal Reserve should help maintain US growth
- Compared to other developed markets, the US is a relatively insular economy with roughly 20% of economic activity resulting from trade[2]
- While growth in other developed markets has fallen to near-zero, the US has demonstrated significant resilience

Equity 10-year total returns (to October 2019)

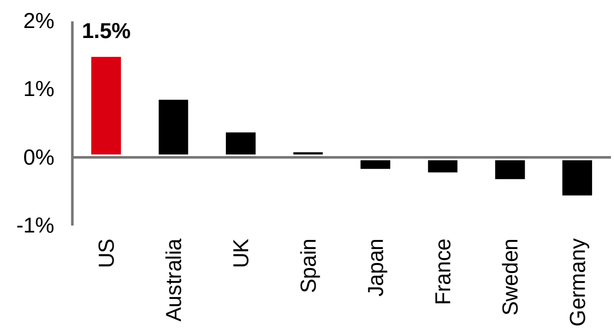


Source: HSBC Global Asset Management and Bloomberg, as at 31 October 2019.

Higher interest rates and bond yields

- Interest rates and bond yields in the US are higher than most developed markets
- Expectations for continued low interest rates globally is positive for US bonds (bond values rise when interest rates decline)
- The lower volatility of high quality US corporate bonds support risk mitigation
- For higher risk, high yield bonds, stability in the US economy and the earnings of its companies can help reduce default risks
- We are monitoring default levels which may rise from currently very low levels, but don't see pronounced risks

10-year government bond yields



Source: HSBC Global Asset Management and Bloomberg, as of 31 October 2019.

Why HSBC GIF US Income Focused?

Diversification

- Broad asset mix that is regularly reviewed
- Includes non-US opportunities for potential to enhance returns and income

Expertise

- Over 80 multi-asset investment professionals[3]
- More than 25 years of experience managing diversified portfolio solutions[3]

Income

- Investment strategy emphasises income generation
- Captures different sources of income to generate a regular income stream

Fund details

Launch date:	21 January 2020	**Ongoing charges:**	1.55% per annum
Base currency:	USD	**Estimated Dividend yield[4]:**	5.0%
Share class currencies:	USD, HKD, AUD, CAD, EUR, GBP, RMB	**Dealing:**	Daily

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[2] Source: OECD - most recent data as of 2016.
[3] Source: HSBC Global Asset Management, as of December 2019.
[4] Source: HSBC Global Asset Management, estimate as of December 2019.

Effective yield level may be different reflecting the market environment and the size of the fund. The yield level is not guaranteed.

Did you know

A central bank, such as the Federal Reserve, is an institution that manages the currency, money and interest rates of a specific country or region.

Supportive policy is when a central bank maintains interest rates at lower levels to support economic growth, by incentivising more spending and investment.

Key potential risks

The value of an investment and any income from it can go down as well as up and as with any investment you may not receive back the amount originally invested.

- **ABS Risk:** ABS and MBS typically carry prepayment risk, as well as having potential for default. The securities can carry an above-average risk of being hard to value or to sell at a desired time and price.
- **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- **Credit Risk:** A bond or money market security could lose value if the issuer's financial health deteriorates.
- **Default Risk:** The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- **Derivatives Risk:** Derivatives 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.
- **Exchange Rate Risk:** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- **Interest Rate Risk:** When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.
- **Investment Leverage Risk:** 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.
- **Liquidity Risk:** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- **Operational Risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.

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The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns.

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Important information