

# HSBC Managed Growth Fund

Share Class P

30 Nov 2018

## Fund Objective and Strategy

The objective of the Fund is to achieve long-term capital growth by investing in a diversified portfolio with a bias towards global equities through direct investment and/or other collective investment schemes that the Fund may invest in.

Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>	Vol <sup>2</sup>	S.R. <sup>3</sup>
P	-7.61	2.32	-5.63	-5.97	23.39	20.69	16.33	0.16

Calendar Year Performance (%) <sup>4</sup>	2013	2014	2015	2016	2017
P	14.16	0.96	-3.88	4.79	28.52

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations.**

Source: HSBC Global Asset Management, data as at 30 November 2018

## Risk Disclosure

**HSBC Managed Growth Fund Risk:** • The Fund invests mainly in global equities and bonds, with a bias towards equities. The Fund may get the exposure through direct investments and/or collective investment schemes.

- The Fund needs to bear the underlying funds' fees and expenses on top of the Fund's own fees and expenses.
- Because the Fund's base currency, investments and classes may be denominated in different currencies, investors may be affected adversely by exchange controls and exchange rate fluctuations.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, currency, volatility, liquidity, interest rate, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Unit trusts are NOT equivalent to time deposits. Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

Share Class Details	
UCITS V Compliant	No
Distribution Type	Accumulating
Dealing Frequency	Daily
Min. Initial Investment	HKD 10,000
Max. Initial Charge	3.00%
Management Fee	0.75%
Base Currency	HKD
Domicile	Cayman Islands
ISIN	KYG464691883
Inception Date	01 Apr 1997
NAV per Share	HKD 26.48
Fund Size	HKD 1,775,799,429
Bloomberg Ticker	HSBMNGP KY
Manager	Jessica Cheung

<sup>1</sup>Result is cumulative when calculation period is over one year.

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

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

<sup>4</sup>The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history.

Fund change that may have material impact on performance: 1 Jul 2017 - trustee fee reduced. 29 Aug 2017- investment objective and policy changed, Investment Sub-Adviser removed. 9 Apr 2018 - investment objectives and policies changed. 16 Nov 2018 - Change in the manner of charging preliminary charge / switching fee.



## Monthly Performance Commentary

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### Market Review

A rally late in the month of the back of comments from Fed Chairman Powell that US interest rates were approaching a neutral level, suggesting further rate rises could be limited, took global stock markets into positive territory for the month, the MSCI World index rising 0.96% for November as a whole, having been in negative territory for most of the month. Asian markets fared better throughout November, ending up by 4.27% on the MSCI Asia Pacific ex Japan index. Hong Kong, China and India were the best performing markets around the region, recouping some of October's losses. One important driver of markets was the significant fall in the price of oil, Brent crude falling 22.21% over the month giving a boost to those economies, like India, who import most of their oil.

Bond markets generally produced positive returns for the month as US Treasury bond yields fell slightly, the market appearing to reassess lower the prospects for US interest rate rises next year. There was some upward pressure on credit spreads (the extra yield earned by investing in a corporate bond compared to a government bond) but Asian investment grade bonds still produced positive returns for the month. In currency markets there was not much change between the major currencies of US, EUR, JPY and CNY but there were some significant moves in Asian and emerging markets currencies with, for example, both the Indian Rupee and Indonesian Rupiah rising by more than 6% over the month.

### Fund Performance

The fund ended the month in positive territory as the negative investment sentiment was softened slightly by the expectation of breakthrough in trade tension between China and the US in the G20 summit and a relative dovish stance of future US interest rates from Fed. Equities in the portfolio were up led by Asia ex Japan equities and Hong Kong equities after we have seen a notable market setback in October, which were the main contributors to the performance. With the yields ended lower, the tactical position in Asian credits also helped for the positive fund performance.

### Outlook

2018 has been a difficult year for investors. After the stellar investment returns of 2017, perhaps it was always likely to feel this way. A significant re-pricing of the Fed, a rapid appreciation of the dollar, political uncertainties, and growth worries have punctuated 2018 and created waves of volatility in financial markets. Overall return experience is disappointing, even if not out of the ordinary. The good news is that, despite the pessimism, macro fundamentals continue to look quite good. The economic divergence of 2018 is giving way to an outlook for trend-like global growth and inflation in 2019. Corporate profits remain strong. The less-favourable policy mix poses some challenges, but fears of an imminent end to the cycle appear too cautious at present.

The macro landscape remains defined by developments in the US and China. How the macro and political issues play-out there will have a significant impact on market action. The other big unknown is global inflation. We are still in a low inflation regime, but a maturing cycle poses risks. Investors are under-prepared for this kind of shock. Against this backdrop, it still makes sense to remain pro-risk, but it's not a straightforward environment for risk asset classes - investors need to be adaptive. There are still a number of good opportunities to back growth at reasonable prices. But, equally, we increasingly see a number of ways to build "portfolio resilience" in multi-asset portfolios, given more attractive valuations of fixed income.

Asset Allocation (%)	Actual	Target	Strategic	Overweight/Underweight between Target & Strategic Asset Allocation	
Hong Kong Equity	30.26	30.00	30.00		0.00
North America Equity	17.36	18.00	18.00		0.00
Japanese Equity	14.42	15.00	12.00		3.00
European Equity	17.73	18.00	18.00		0.00
Asia Pacific ex Japan, HK & China Equity	11.18	12.00	12.00		0.00
Global Equity	0.04	-2.00	0.00		-2.00
Global Government Bond	0.00	0.00	7.00		-7.00
Asian Corporate Bond	6.33	7.00	0.00		7.00
Liquidity	2.68	2.00	3.00		-1.00

The strategic allocation is the portfolio's reference or neutral allocation set by HSBC Global Asset Management. The management team also adjusts target exposure higher (overweight) or lower (underweight) to an asset type - relative to the strategic asset allocation - depending on the team's current market outlook. Positive values (overweights) in the chart reflect asset types the portfolio management team have a positive outlook on. Negative values (underweights) reflect asset types the portfolio management team have a negative outlook on. The actual exposure is a screen shot of the portfolio at the end of the month based on market value in each asset type.

Top 10 Holdings (%)	
Tencent Holdings Ltd	2.86
HSBC Holdings Plc Dec18	2.67
AIA Group Ltd	1.74
China Construction Bank	1.34
Industrial & Commercial Bank Of China	0.98
China Mobile Ltd	0.94
Ping An Insurance Co Ltd	0.86
Apple Inc	0.61
Taiwan Semiconductor	0.61
Samsung Electronics Co Ltd	0.60

Source: HSBC Global Asset Management, data as at 30 November 2018

### **Important Information**

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# HSBC Managed Growth Fund

Supplement Information Sheet

30 Nov 2018

Share Class	Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield (Distribution is not guaranteed and may be paid out of capital)
P	HKD	-	-	-	-
A	HKD	Annually	31 Jul 2018	0.185708	0.80%

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 payout yields and payments do not represent future payout yields and payments. Historical payments may be comprised of both distributed income and capital.

The calculation method of annualised yield:  $(\text{dividend value} / \text{NAV per share or unit as of ex-dividend date}) \times n$ , 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.