

# Active Multi-asset Solution (AMS)

Diversified global market exposure with direct equity investment



Global  
multi-asset



Multi-strategy



Strategic



Direct equity  
investing

We believe it's impossible to consistently and accurately predict market movements or fluctuations, so we think playing the long game – by investing and staying invested – is the best way to ensure you don't miss out. Every investment portfolio should be managed to a long-term investment plan, aligned with the investor's objectives and tolerance for risk, with diversification as a key concept in order to achieve these.

AMS is a multi-asset solution which enables you to delegate the management of your investment portfolio to a professional investment manager, thus freeing you from the day-to-day burden of portfolio management which may deserve more time and attention than you are able to commit.

AMS provides considerable strategic flexibility, allowing you to select the investment solution that best matches your risk appetite and long-term investment goals. This is achieved using carefully constructed, globally diversified portfolios of equity and bond allocations with the added option of exposure to alternative investment strategies where they are suitable.<sup>1</sup> This gives you a highly liquid, professionally managed, alpha-seeking investment portfolio.

<sup>1</sup> Investments take into consideration your stated investment objectives, willingness and ability to bear loss and your knowledge and understanding of products to ensure that they are suitable for you.

## Active Management: Long-term strategy with tactical thinking

AMS is actively managed using a combination of an adaptable Strategic Asset Allocation (SAA), tactical adjustments and careful portfolio construction.

AMS, like all our multi-asset solutions is underpinned by our SAA. By carefully and continuously analysing asset classes around the globe, we form a view regarding their future expected returns. Our SAA encompasses what we believe is the optimal allocation to asset classes given certain risk allowances. Our SAA is therefore the foundation of your long-term investment plan and is the long-term 'anchor' of the portfolio we construct for you.

As the asset-class valuations change with the business cycle or extraordinary events, these can present both upside opportunities and risks to your capital. The AMS investment manager – through careful analysis and research – is able to make shorter-term, measured shifts in the portfolio's positioning to capitalise on, or minimise the effect of these market events, whilst remaining aligned with your risk appetite.

## Portfolio construction

We'll aim to build your portfolio with a low-cost base, using instruments that track market indices, combined with a direct equity investment component. The direct equity investment typically represents about 70% of the total equity exposure, with the remaining investment of approximately 30% using ETF and tracker funds to achieve market-level exposure.<sup>2</sup>

The individual securities used are usually intended to achieve exposure at a global level, but there is also the option to weight this more locally to a particular region. The individual equity exposure is intended to be "high conviction" and so adopts a concentrated selection approach with approximately 50-70 individual stocks per fund portfolio.

Risk management is also fully integrated into this investment process and, to this end, portfolio positioning is monitored on a daily basis.

The optional exposure to alternative investment strategies provides additional uncorrelated return streams within your portfolio.

<sup>2</sup> These figures are an illustrative representation and ranges may vary.

### Strategy



HSBC SAA



Tactical  
Macro Overlay



Disciplined  
Rebalancing

### Asset fulfilment



ETFs



HSBC  
Managed Funds



Non HSBC  
Managed Funds



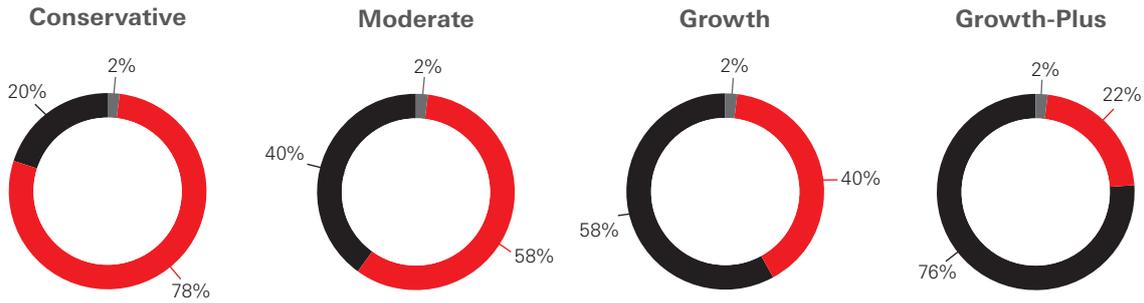
Single line  
Securities



## Investment strategies

### USD without alternatives

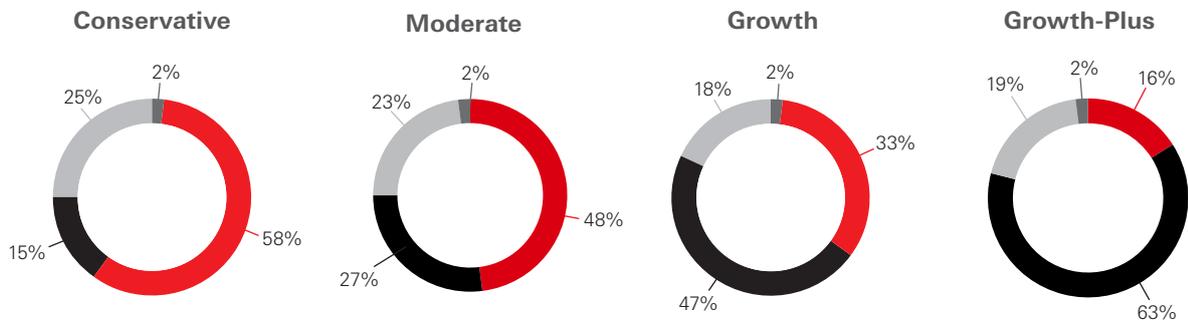
◆ Fixed income ◆ Equity ◆ Cash



Lower ————— Risk & potential returns ————— Higher

### USD with alternatives

◆ Fixed income ◆ Equity ◆ Alternatives ◆ Cash



Lower ————— Risk & potential returns ————— Higher

This chart sets out the proposed allocation for the strategy as at March 2019.  
This is for information only and may not represent the actual construction of the resulting portfolio.

## Programme features

Geography	Global and regional variances available.
Investment strategies available	Conservative, Moderate, Growth, Growth-Plus. Option with and without alternatives available for each profile.
Reference currencies (local availability may vary)	USD, GBP, EUR, CHF.
Minimum investment	USD 1,000,000 or currency equivalent.
Income distribution	Accumulating or Distributing.
Liquidity	Daily.

**Speak to your Relationship Manager today to see how an AMS portfolio could benefit you.**

## Risk disclosures

This document is not intended to be read on its own. It must be read in conjunction with the pitchbook and other relevant documents before investors make (an) investment decision(s). Please request the pitchbook and other relevant documents if you do not already have them.

The following important points should be considered before investing. All investments should also be considered in light of your current strategy and your long-term objectives. A full list of risks is included in the pitchbook.

The list of risks is not exhaustive and includes: investment risk, emerging market risks, currency risk, interest rate risk and liquidity risk. **Equities** carry general market risk and risks specific to the issuer.

Alternative investments, such as private equity funds, hedge funds, real estate funds, and **Derivative instruments** are generally considered as high risk investments, and therefore intended for experienced and financially sophisticated investors who are willing and able to bear the risks associated with such investments.

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