

HSBC US Multi-Factor Equity Fund

Fund Overview

For Professional Clients only.

This is a Marketing Communication. Please refer to the prospectus of the HSBC US Multi-Factor Equity Fund and to the KIID before making any final investment decisions.

December 2024

HSBC Multi-Factor Equity strategies at a glance

- ◆ Aims to deliver better risk-adjusted returns than traditional market capitalisation indices by recognising the changing correlations between factors – which drive stock risks and returns – minimising unrewarded risk
- ◆ Leverages HSBC Asset Management’s extensive track record and resources in managing quantitative, multi-factor and smart beta strategies

Why consider HSBC Multi-Factor Equity strategies



Aims to outperform

Multi-factor equity strategy aims to provide consistent outperformance against a market capitalisation weighted index over the medium to long term through exposure to a suite of diversified factor-based risk premia



A well diversified portfolio exposed to five alpha factors

Individual factors perform differently across economic cycles, multi-factor equity strategies highlight the benefits of diversification and our independent construction process ensures all factors can contribute to returns



Proprietary resources

Proprietary factor construction led by a well-resourced research team supported by technology infrastructure and experienced portfolio managers



Long and stable track record

We have been managing multi-factor portfolios for over 20 years. HSBC ranks top decile for Multi-Factor US Equity on a 3-year and 5-year Information Ratio¹.

Potential use of HSBC US Multi-Factor Equity Fund

- ◆ **Core exposure for a portfolio** aims to deliver consistent outperformance against a market capitalisation index using equity factor exposure
- ◆ **Diversifier** from active and passive strategies
- ◆ **Modest tracking error** to go beyond market capitalisation strategies

Fund snapshot

- ◆ To provide long term capital growth by investing in a diversified portfolio of US stocks
- ◆ Stocks are ranked from least attractive to most attractive using a multi factor model, which includes Value, Quality, Momentum, Low Risk and Size
- ◆ The fund uses a systematic investment approach to maximise exposure to the highest ranked stocks whilst minimising the portfolio risk characteristics

Typical fund characteristics

Total number of stocks	~100 to 200
Tracking error	1.5% to 2.5%

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. Past performance does not predict future returns.

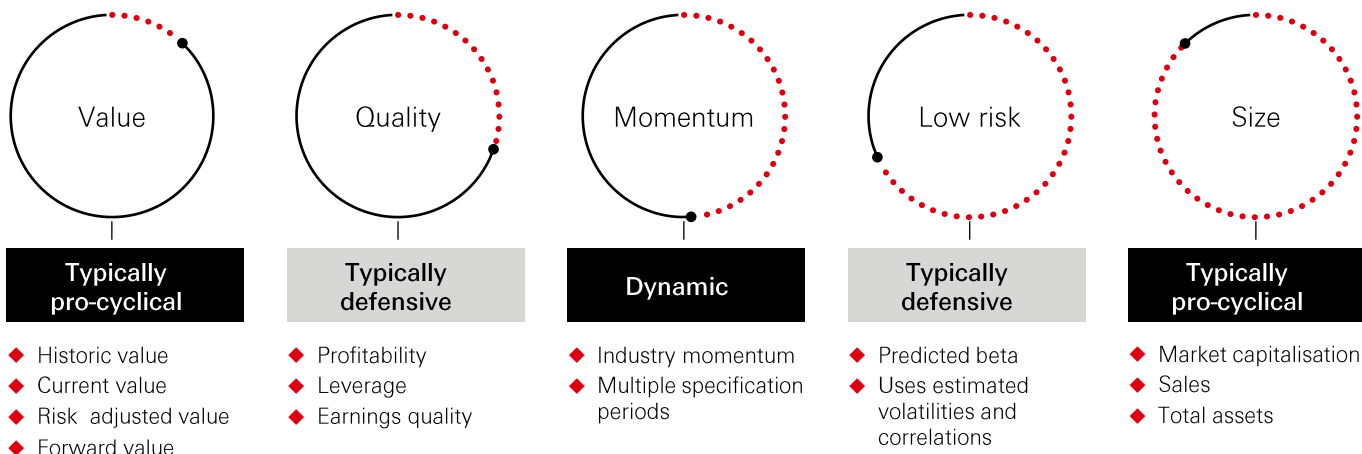
Returns and costs may vary with fluctuations in the exchange rate. Characteristics and weightings are for illustrative purposes only, as at the date indicated, and subject to change without prior notice. Diversification does not ensure a profit or protect against loss.

Source: HSBC Asset Management as at 31 December 2024.

¹The peer group is extracted from eVestment US Large Cap Equity peer group of 1,200 competitor products, using manager preferred benchmark and S&P 500 as the default universe. Data as at end of September 2024. For peer group criteria/methodology, please refer to www.evestment.com

HSBC Multi-Factor Design

- ◆ Our investment universe consists of a broad spectrum of listed companies across US market
- ◆ Stocks in the universe are evaluated based on 5 factors definitions stemmed from proprietary research, which are constructed using multiple metrics for each individual factor
- ◆ Bottom-up methodology includes combining the pure factor exposures at stock level



Fund facts

Fund domicile	UK domiciled UCITS OEIC
Reference benchmark	S&P 500 Index
Inception date	24 July 2006
Base currency	GBP
Ongoing charges ¹	Institutional A Accumulation: 0.30%
Minimum initial investment (GBP)	Institutional A Accumulation: GBP 1,000,000
ISIN	Institutional A Accumulation: GB00B19DCX31
Dealing	Daily by 12:00 (UK)
Valuation	Daily at 12:00 (UK)
Management company	HSBC Global Asset Management (UK) Ltd

Product Features

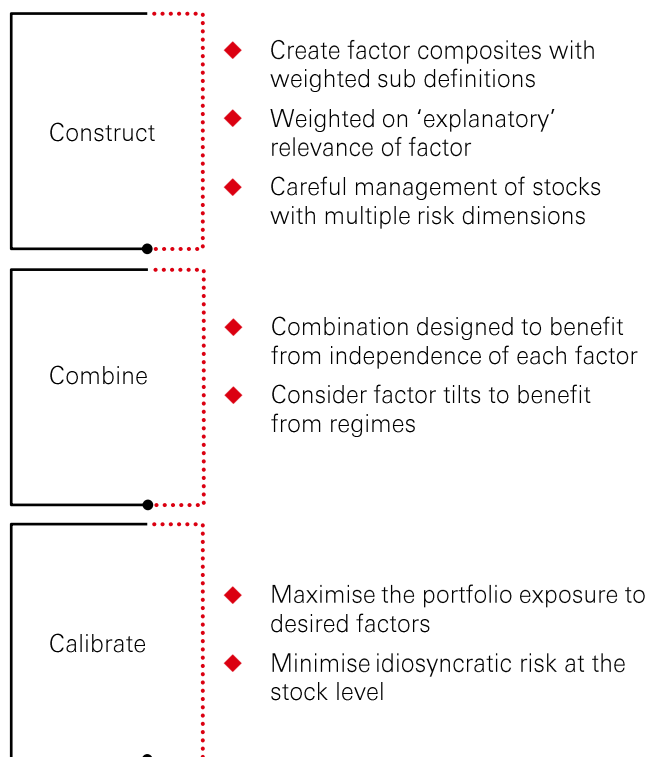
- ◆ The Fund is actively managed and does not track a benchmark. The reference benchmark for the Fund is the S&P 500 Index.
- ◆ The Investment Advisor will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. The deviation of the Fund's performance relative to the benchmark is monitored, but not constrained, to a defined range

Source: HSBC Asset Management as at 31 December 2024.

Investment process shown for illustrative purposes only. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

(1) Ongoing charges are fixed and include the Management fee, Operating, Administrative and Servicing Expenses. The figure does not include transaction costs. Such figures may vary from time to time.

HSBC Investment process



Investment Policy

- ◆ To achieve its objective the Fund will invest at least 80% of its value in shares (equities) of US companies. US companies are those that are based in the US, or earn at least 80% of their revenue from the US

Key risks

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.

- ◆ **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations
- ◆ **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
- ◆ **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

Further information on the potential risks can be found in the Key Investor Information Document (KIID) and/or the Prospectus or Offering Memorandum.

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US Multi-Factor Equity Fund is actively managed and does not track a benchmark.

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The fund may use derivatives for the purposes of efficient portfolio management i.e. to meet the investment objective of the Fund and it is not intended that their use will raise the overall risk profile of the Fund. Please note derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of an underlying security or benchmark may result in disproportionately large movement; unfavourable or favourable in the price of the derivative instrument; the risk of default by counterparty; and the risk that transactions may not be liquid.

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