Fund profile

The Portfolio aims to provide capital growth through dynamic investment in a broad range of asset classes across global markets.

The Authorised Corporate Director (ACD) of the fund is HSBC Global Asset Management (UK) which is authorised and regulated by the Financial Services Authority.

Performance in UK pounds (% change)

The graph and tables below show the performance of the HSBC World Selection Dynamic Portfolio. HSBC World Selection invests in a wide variety of asset classes. Therefore for information purposes only we are showing below the performance of a number of these asset classes. As can be seen from the portfolio composition overleaf the indices shown represent the major asset classes the Dynamic Portfolio invests in.

<table>
<thead>
<tr>
<th>Rolling time period</th>
<th>1 month</th>
<th>3 months</th>
<th>6 months</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC World Selection - Dynamic Portfolio</td>
<td>7.54</td>
<td>-4.96</td>
<td>-7.49</td>
<td>-1.23</td>
<td>-</td>
<td>-</td>
<td>28.40</td>
</tr>
</tbody>
</table>

Source: Lipper, mid-mid net income reinvested. Performance information is up to 31 October 2011, for the accumulation share class.

<table>
<thead>
<tr>
<th>Rolling time period</th>
<th>31/10/06 - 31/10/07</th>
<th>31/10/07 - 31/10/08</th>
<th>31/10/08 - 31/10/09</th>
<th>31/10/09 - 31/10/10</th>
<th>31/10/10 - 31/10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC World Selection - Dynamic Portfolio</td>
<td>% Change</td>
<td>% Change</td>
<td>% Change</td>
<td>% Change</td>
<td>% Change</td>
</tr>
<tr>
<td>Global Equities</td>
<td>11.07</td>
<td>-24.80</td>
<td>16.85</td>
<td>16.84</td>
<td>1.33</td>
</tr>
<tr>
<td>Global Aggregate Bonds</td>
<td>4.50</td>
<td>3.27</td>
<td>11.29</td>
<td>6.56</td>
<td>3.13</td>
</tr>
<tr>
<td>Cash</td>
<td>5.69</td>
<td>6.25</td>
<td>3.12</td>
<td>0.65</td>
<td>0.78</td>
</tr>
<tr>
<td>UK Equities</td>
<td>13.53</td>
<td>-32.30</td>
<td>20.41</td>
<td>16.49</td>
<td>0.99</td>
</tr>
<tr>
<td>UK Gilts</td>
<td>0.67</td>
<td>6.21</td>
<td>10.57</td>
<td>6.08</td>
<td>10.49</td>
</tr>
</tbody>
</table>

Source: Lipper, mid-mid net income reinvested. Performance information is up to 31 October 2011, for the accumulation share class.

Portfolio performance since inception (January 2009)

Historic Yield^ 0.48 %

^The yield at 31 October 2011. The level of yield is not guaranteed and may rise or fall in the future.

The Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Unless otherwise stated, all information is up to 31 October 2011 and has been provided by FundsLibrary. As with any stockmarket investment, the price of shares in the fund and the income from them can fall as well as rise. Where overseas securities are held, this may also happen as a result of a change in exchange rates. **Investors may get back less that the amount originally invested.** Fund performance, sector averages and ranks - Copyright © 2011 Lipper. All Rights Reserved. The information contained herein: (1) is proprietary to Lipper; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Lipper nor its content providers are responsible for any damages or losses arising from any use of this information.
**Top 10 holdings**

<table>
<thead>
<tr>
<th>Stock</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC MultiAlpha North America Equity</td>
<td>18.8%</td>
</tr>
<tr>
<td>HSBC MultiAlpha Europe Equity</td>
<td>18.5%</td>
</tr>
<tr>
<td>HSBC UK Growth &amp; Income</td>
<td>11.1%</td>
</tr>
<tr>
<td>HSBC MultiAlpha Japan Equity</td>
<td>7.2%</td>
</tr>
<tr>
<td>HSBC MultiAlpha Global Emerging Markets Equity</td>
<td>6.8%</td>
</tr>
<tr>
<td>HSBC MultiAlpha Asia Pacific ex Japan Equity</td>
<td>5.5%</td>
</tr>
<tr>
<td>HSBC MultiAlpha Global High Yield Bond</td>
<td>5.2%</td>
</tr>
<tr>
<td>HSBC Sterling Liquidty</td>
<td>4.4%</td>
</tr>
<tr>
<td>Barings International Ireland Ltd Hong Kong China</td>
<td>2.5%</td>
</tr>
<tr>
<td>HSBC FTSE All-Share Index</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

**Portfolio composition by Asset Allocation**

1. US Equity: 18.8%
2. Europe Equity: 18.5%
3. Asia Pac ex-Japan Equity: 5.5%
4. China Equity: 2.5%
5. Global Emerging Market Equity: 6.8%
6. Global Aggregate Bond: 1.8%
7. Global High Yield: 5.2%
8. Hedge Fund: 1.8%
9. UK Equity: 15.8%
10. Japan Equity: 8.7%
11. Russia Equity: 0.8%
12. Emerging Market Debt: 2.2%
13. Property: 3.1%
14. Commodity: 2.9%
15. Private Equity: 1.2%
16. Cash: 4.4%

**Total:** 100.0%

* These were the target portfolio allocations as at 31 October 2011

During October, there was a solid rebound in the performance of riskier assets, such as equities, following the previous months of volatile returns. There were two key factors behind the strong rally in equities and other riskier asset classes during this period. Firstly, there was a marked improvement in economic data releases relative to expectations, particularly in the US where GDP for the third-quarter increased by 2.5% on an annualised basis. The second factor was the significant progress made towards a credible framework for a resolution to the eurozone fiscal debt issues. Although details were still required to be outlined and downside risks to the resolution remained, market participants felt that these were significant steps in the right direction. Meanwhile, emerging market regions remain solid overall following an increase in industrial production during September in China and Brazil. The Fund’s moderately overweight position towards equities at the broad asset class level (with the exception of Japanese equities), made solid contributions to the portfolio’s performance in October.

Notably, emerging market equities provided particularly solid returns with Russian and Chinese equities strongly outperforming all other major equity markets. The Fund also continues to favour the Russian and Chinese equity markets over other emerging regions. The Fund’s preference for the high-yield segment within fixed income, such as global high-yield bonds and emerging markets debt, made a robust contribution to the overall performance. The alternative asset segments of the portfolio had robust performances within private equity, property and commodities. Listed real estate companies, a sub-segment of property, performed well during the month through the HSBC MultiAlpha Global Real Estate Fund. Commodities benefited from the positive returns that gold and oil posted over the month. Overall, the World Selection Dynamic Portfolio returned 7.54% in October (net of TER in GBP). Despite the strong rebound that riskier asset classes experienced over the month, we expect investors to remain sensitive to economic data releases and ongoing discussions regarding the eurozone sovereign debt situation. We therefore anticipate that short-term volatility may remain elevated and continue to emphasise the importance of diversification across asset classes and country regions.

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**Fund details**

- **Fund Manager:** HSBC Global Asset Management (UK) Limited
- **Date appointed:** 2 January 2009
- **Inception date:** 22 January 2009
- **Inception price (£):** 1.00
- **Fund size (£m):** 413.3
- **Total number of holdings:** 38
- **Annual management charge:** 1.25%
- **Total Expense Ratio (TER)**: 2.01%
- **Dealing & valuation:** Daily at 12:00 noon (UK time)
- **Ex dividend dates:** 16 April, 16 October
- **Distribution dates:** 15 June, 15 December
- **Distribution type:** Dividend

**Index Information**

- **UK Equities (FTSE 100 Index):** The FTSE 100 Index is made up of the 100 largest companies traded on the London Stock Exchange.
- **UK Gilts (FTSE British Government All Stocks Index):** The FTSE British Government All Stocks Index is a comprehensive index incorporating all eligible British Government Securities.
- **Global Equities (MSCI World Index):** The MSCI World Index measures the equity market performance of developed markets. Since June 2007 the MSCI World Index has consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.
- **Global Bonds (Barclays Global Aggregate Bond Index):** The Barclays Global Aggregate Bond Index covers the most liquid portion of the global investment grade fixed rate bond market, including government bonds, corporate bonds and collateralised securities.
- **Cash (LIBOR £ 3 Month Rate):** London Interbank Offer Rate. The rate charged by one bank to another for lending money, the rate is an average derived from the quotations provided by the banks and determined by the British Bankers Association.

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