

fund **objective**

To provide long-term capital growth in excess of UK price inflation by investing mainly in investment grade corporate bonds of UK companies. The fund aims to outperform the benchmark over the long term

| fund facts | top 10 holdings | asset breakdown | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------|---|----------------------|------|----------------------------------|------|-----------------------|------|-------------------------------------|------|--------------------------|------|-----------------------------|------|---------------------------------|------|--------------------------------|------|--------------------------|------|-------------------------------|------|--------------|-------------|---|--|---|------------------|-------|------------------------------|-------|-----------------------------|-------|--------------|-------|----------------|------|-----------------|------|---------------------------|------|--------------|------|--------------|---------------|
| <p>Launch date: 1 March 2018</p> <p>Fund size: £1.07m</p> <p>Price per share: 201.80p</p> <p>Charges: Inv Mgmt Charges: 0.00% Additional Charges: 0.00%</p> <p>Current underlying fund(s): M&G All Stocks Corporate Bond Fund</p> <p>Benchmark: iBoxx Sterling Non-Gilts index</p> | <table border="1"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr><td>1. EDF 6% 23/01/2114</td><td>1.20</td></tr> <tr><td>2. Legal & General 5.5% 27/06/64</td><td>0.90</td></tr> <tr><td>3. Lloyds 6% 08/02/29</td><td>0.90</td></tr> <tr><td>4. Transport for London 4% 07/04/64</td><td>0.90</td></tr> <tr><td>5. Innogy 6.25% 03/06/30</td><td>0.70</td></tr> <tr><td>6. Rabobank 4.625% 23/05/29</td><td>0.70</td></tr> <tr><td>7. Thames Water 5.125% 28/09/37</td><td>0.70</td></tr> <tr><td>8. Scottish Widows 7% 16/06/43</td><td>0.60</td></tr> <tr><td>9. Aviva 6.875% 20/05/58</td><td>0.60</td></tr> <tr><td>10. Metro Life 1.12% 15/12/21</td><td>0.60</td></tr> <tr><td>Total</td><td>7.80</td></tr> </tbody> </table> | | % | 1. EDF 6% 23/01/2114 | 1.20 | 2. Legal & General 5.5% 27/06/64 | 0.90 | 3. Lloyds 6% 08/02/29 | 0.90 | 4. Transport for London 4% 07/04/64 | 0.90 | 5. Innogy 6.25% 03/06/30 | 0.70 | 6. Rabobank 4.625% 23/05/29 | 0.70 | 7. Thames Water 5.125% 28/09/37 | 0.70 | 8. Scottish Widows 7% 16/06/43 | 0.60 | 9. Aviva 6.875% 20/05/58 | 0.60 | 10. Metro Life 1.12% 15/12/21 | 0.60 | Total | 7.80 | <table border="1"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr><td>■ Non-Financials</td><td>29.00</td></tr> <tr><td>■ Mortgage Backed Securities</td><td>20.80</td></tr> <tr><td>■ Supranationals & Agencies</td><td>13.50</td></tr> <tr><td>■ Government</td><td>11.00</td></tr> <tr><td>■ Cash & Other</td><td>9.70</td></tr> <tr><td>■ Covered Bonds</td><td>7.40</td></tr> <tr><td>■ Asset Backed Securities</td><td>5.40</td></tr> <tr><td>■ Financials</td><td>3.20</td></tr> <tr><td>Total</td><td>100.00</td></tr> </tbody> </table>  | | % | ■ Non-Financials | 29.00 | ■ Mortgage Backed Securities | 20.80 | ■ Supranationals & Agencies | 13.50 | ■ Government | 11.00 | ■ Cash & Other | 9.70 | ■ Covered Bonds | 7.40 | ■ Asset Backed Securities | 5.40 | ■ Financials | 3.20 | Total | 100.00 |
| | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. EDF 6% 23/01/2114 | 1.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Legal & General 5.5% 27/06/64 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Lloyds 6% 08/02/29 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Transport for London 4% 07/04/64 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Innogy 6.25% 03/06/30 | 0.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 10. Metro Life 1.12% 15/12/21 | 0.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 7.80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Non-Financials | 29.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Mortgage Backed Securities | 20.80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Supranationals & Agencies | 13.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Government | 11.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Cash & Other | 9.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Covered Bonds | 7.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Asset Backed Securities | 5.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ■ Financials | 3.20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

fund **performance**

| | 31 Dec 2017 - 31 Dec 2018 % | 31 Dec 2016 - 31 Dec 2017 % | 31 Dec 2015 - 31 Dec 2016 % | 31 Dec 2014 - 31 Dec 2015 % | 31 Dec 2013 - 31 Dec 2014 % |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Fund | -0.36% | 5.87% | 11.68% | 0.33% | 11.88% |
| Benchmark | -1.53% | 4.34% | 10.65% | 0.49% | 12.20% |
| Relative Performance | 1.17% | 1.53% | 1.03% | -0.16% | -0.32% |

| Rolling time period | 3 months | 6 months | 1 year | 3 year p.a. | 5 year p.a. | Since launch |
|----------------------|----------|----------|--------|-------------|-------------|--------------|
| Fund | -0.05% | -0.64% | -0.36% | 5.61% | 5.75% | 4.92% |
| Benchmark | 0.12% | -0.23% | -1.53% | 4.37% | 5.09% | 4.27% |
| Relative Performance | -0.17% | -0.41% | 1.17% | 1.24% | 0.66% | 0.65% |

Past performance isn't a guide to future performance. The figures are shown in sterling and have been calculated using actual returns since the introduction of the current DC fund range.

Source: Morningstar, FIL Life Insurance Ltd. Single priced (i.e. no bid/offer spread), gross income reinvested and gross of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day. The fund was launched on 1st March 2018, but links to an underlying fund which has been existence for a number of years. Before 1st March 2018, performance is simulated based on data provided by M&G Investments, the underlying fund provider. Thereafter, returns are produced by Fidelity on a monthly basis.

market commentary

UK bonds posted mixed returns, with government bonds (Gilts) outperforming corporate bonds. Investors sought the safety of Gilts after Prime Minister Theresa May delayed the vote on the Brexit deal in Parliament, even as the UK and the European Union (EU) reached an in-principle Brexit agreement. This stoked concerns that a no-deal Brexit could be more likely than initially expected, thus sparking a flattening of the yield curve. Markets also pushed back expectations for the next interest rate increase by the Bank of England (BoE) to late 2020. On the credit front, UK corporate bonds generated negative returns as credit spreads widened amid stock market volatility and a broader deterioration of risk sentiment. Meanwhile, the UK economy appears to have lost momentum in the fourth quarter. In the three months to October, GDP growth slowed on lower car sales and a weaker pharmaceuticals sector, while retail sales declined on month-on-month terms for the second straight month in October.

risk rating

Very Low Low Low/Medium Medium Medium/High High Very High

All investments carry a level of risk. You need to decide how much of each type of risk you're prepared to take. The table below gives an overview of some of the risks associated with this fund.

| risk type | description of risk | level of risk for this fund |
|--------------------------------|---|-----------------------------|
| Capital Risk | This is the risk that the value of your investments will fall. The younger you are, the less worried you might be about capital risk, because your investments have time to recover their value before you retire. | Med High |
| Inflation Risk | This is the risk that the value of your investments will grow more slowly than prices rise. Inflation can be a problem for pension savings invested in cash funds particularly if the interest you're earning is less than the rate of inflation. | Med |
| Pension Conversion Risk | The price of an annuity changes on a regular basis. This means that the amount of income you can secure with the same amount of money will change. Pension conversion risk is the risk that the amount of income you can buy drops before you retire, because your money is invested differently to annuity funds. That's why putting more of your DC pension pot into bonds to try to match annuity prices as you get closer to retirement age can help protect against this risk. | Low Med |

About the factsheet

It is important to remember that the price of units can go down as well as up. There's no guarantee that you'll get back the amount that goes into your DC pension pot. Changes in rates of currency exchange, particularly where overseas securities are held, could also affect the value of your investment.

All funds are provided through FIL Life Insurance Ltd and may invest in securities issued by or hold deposits with HSBC Holdings plc and associated companies.

The Trustee can change the underlying managers or funds at any time without member consent or prior notification.

Valuation time: Business days at 5:00pm (UK time)

Dealing Process: The cut off time for switch instructions is 2:00pm each business day.

Contact us

You can find more Scheme information at:
www.futurefocus.staff.hsbc.co.uk

If you have any questions contact the HSBC Administration Team at:
 email: HSBCpension@willistowerswatson.com
 phone: 01737 227 575

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for members of the HSBC Bank (UK) Pension Scheme

HSBC Bank Pension Trust (UK) Limited, 8 Canada Square London E14 5HQ
 Registration number: 489775

Charges

HSBC pays the investment management charges – not you. However, there may be costs within some of the funds and these will be reflected in the unit price. These nominal costs are variable and are likely to be between nil and 0.2% a year.

