

the DC funds

Fixed Income Bonds – **passive**
as at 30 September 2017

fund objective

To mitigate against pension conversion risk (for non-increasing and fixed increase annuities)

fund facts

Launch date:
23 February 2007

Fund size:
£138.58m

Price per share:
228.60p

Current underlying fund(s):
Legal & General Pre-Retirement Bond Fund

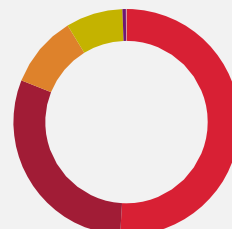
Benchmark:
A composite of Gilts and Corporate Bonds
From 4 October 2011 until 25 March 2015 50% FTSE A Over 15 Year Gilt Index and 50% iBoxx £ Non Gilt Over 15 Year Index. Prior to 4 October 2011, FTSE Over 15 Year Gilt Index

top 10 holdings

	%
1. Treasury 4.50% 2042	6.74
2. Treasury 4.50% 2034	5.23
3. Treasury 4.25% 2049	5.16
4. Treasury 4.25% 2046	3.89
5. Treasury 4.25% 2027	2.54
6. Treasury 4.75% 2038	1.40
7. Pfizer Inc 6.5% 2038	1.09
8. Treasury 4.0% 2060	0.89
9. Engie SA 5.0% 2060	0.81
10. GSK 5.25% 2042	0.67
Total	28.42

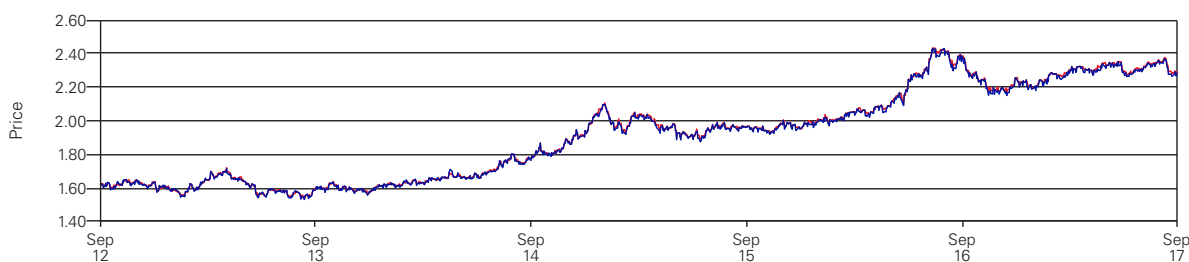
asset breakdown

	%
■ Corporate Bonds	50.88
■ UK Gilts	30.13
■ Sub Sovereigns	10.29
■ Collateralised	8.12
■ Sovereigns	0.50
■ Unclassified	0.08
Total	100.00



fund performance

	30 Sep 2016 - 30 Sep 2017	30 Sep 2015 - 30 Sep 2016	30 Sep 2014 - 30 Sep 2015	30 Sep 2013 - 30 Sep 2014	30 Sep 2012 - 30 Sep 2013
	%	%	%	%	%
Fund	-4.11%	21.51%	11.16%	11.11%	-2.39%
Benchmark	-3.99%	21.49%	10.70%	11.06%	-1.59%
Relative Performance	-0.12%	0.02%	0.46%	0.05%	-0.80%



Rolling time period	3 months	6 months	1 year	3 year p.a.	5 year p.a.	Since launch
Fund	-0.35%	0.04%	-4.11%	9.00%	7.03%	128.60%
Benchmark	-0.25%	-0.64%	-3.99%	8.89%	7.13%	129.39%
Relative Performance	-0.10%	0.68%	-0.12%	0.11%	-0.10%	-0.79%

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.

for members of the HSBC Bank (UK) Pension Scheme



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

market commentary

UK bonds posted mixed returns over the quarter, with corporate bonds outperforming government bonds (Gilts). Gilts posted negative returns after Bank of England (BoE) Governor Mark Carney hinted that the central bank would tighten its monetary policy. The sharper than expected rise in inflation further raised the prospect of an interest rate rise as early as in November. Consumer Price Inflation (CPI) rose to 2.9% in August, a level that was last exceeded more than five years ago. Meanwhile, wage growth remained weak and fell 0.4% in real terms in the three months to July. UK corporate bonds advanced and spreads tightened, supported by investors' ongoing search for yield. On the economic front, the UK recorded its weakest annual growth rate since 2013, with GDP slowing to 1.5% in the second quarter from 1.8% in the first quarter. The country's services sector showed signs of contracting, while its trading position with the rest of the world also deteriorated.

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
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

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.

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:

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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.

