Investment guide for your Defined Contribution (DC) pension pot

HSBC | futurefocus

For members of the HSBC Bank (UK) Pension Scheme with a DC pension pot

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Introduction

Choosing investment options for your DC pension pot.

In this guide, we give you an overview of the options the Trustee of the HSBC Bank (UK) Pension Scheme ('the Scheme') provides for investing your DC pension pot together with help and information about investments.

The choices you make are important because they will affect the amount of your retirement income.

HSBC puts money into your DC pension pot each month, plus it matches any contribution you choose to make up to a maximum of 7% of your Pensionable Salary up to the Scheme Earnings Cap (see page 4).

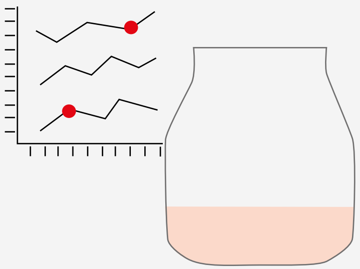
You have a range of investment options for your DC pension pot. It's worth checking regularly that your investment choice continues to match your plans for the future.

This guide will help you to answer the following questions about the investment of your DC pension pot to better match your plans for the future:

How much do you want to manage your investments?

You decide how "hands-on" you want to be

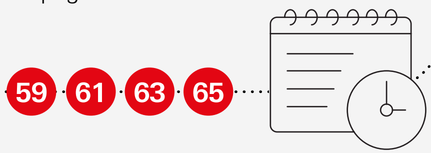
See pages 6-9

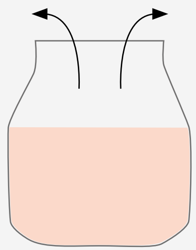


What age do you want to take your pension pot?

You choose how long your DC pension pot will be invested

See pages 8 and 24





What type of retirement income do you want?

You can plan for future income certainty or flexibility

See pages 10-14

Introduction

Important words used in this guide

Your **DC pension pot** is made up of HSBC's contributions and any you make, plus any money transferred in from another pension plan, all of which are invested in your investment choice.

If you were a Hybrid or Defined Benefit (DB) member and paid contributions into the Scheme's DC investment options up to 30 June 2015, these are called Additional Voluntary Contributions (AVCs). They have the same investment options as a DC pension pot described in this guide other than the differences set out in the Legacy arrangements section (see opposite).

Your **Pensionable Salary** is your annual basic salary capped at the Scheme Earnings Cap, excluding allowances, bonus payments and overtime, but including salary relating to additional hours.

Your **Target Retirement Age (TRA)** is the age you tell us that you plan to use your DC pension pot to take a retirement income.

Taking financial advice

The Trustee and your employer, HSBC, can't give you advice on your investment and benefit options. If you need help to consider your financial plans and attitude to risk before making an investment choice, you should speak to a financial adviser.

Visit the MoneyHelper website **https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser** to learn more about finding a financial adviser.

Legacy arrangements

Some members have historic options and arrangements that it's important they understand.

Members using closed investment options

If your DC pension pot is invested in Cash Lifecycle, Lifecycle 2 or Flexicycle, the 'Closed investment options guide' provides more detail about these options (see page 27). These are not available to any member as a new investment choice.

Default investment option for Hybrid members

The Lump Sum Strategy (see page 13) is the Scheme's default investment option for Hybrid members.

Hybrid members with Additional Voluntary Contributions (AVCs)

If you are a Hybrid member who had AVCs on 30 June 2015, your TRA will be the same as the TRA for your AVCs unless you change it.

Hybrid members or Defined Benefit (DB) members with AVCs

If you are a member with Hybrid benefits or a DB pension with AVCs you may be able to take part or your whole DC pension pot or AVCs as part of your Scheme tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

Your DC pension pot options

Summary of the Scheme's investment options.

You can choose from two investment approaches: the Targeted Investment Strategies or set your own strategy using the Freechoice funds.

Targeted Investment Strategies

You can choose one of the three targeted investment strategies:

- The **Flexible Income Strategy** is designed for you to take 25% of your DC pension pot as a tax-free cash sum and to use the balance to provide a flexible income (e.g. drawdown income) after transferring your DC pension pot out of the Scheme to your choice of provider. Find out more on page 11.
- The **Annuity Purchase Strategy** is designed for you to take 25% of your DC pension pot as a tax-free cash sum and to use the balance to buy a fixed annuity (a regular income for life without any, or with fixed, annual pension increases) from your choice of insurance company. Find out more on page 12.
- The **Lump Sum Strategy** is designed for you to take all your DC pension pot as a cash lump sum (25% of which is normally paid tax-free). Find out more on page 13.

Set your own strategy using Freechoice funds

You can choose from 18 Freechoice funds. Freechoice gives you full control over how your DC pension pot is invested. You can manage your funds to target the retirement outcome you are aiming to achieve. Find out more on page 14.

Important note

The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future investment performance.

Getting you started

If you joined the Scheme on or after 1 March 2018 and don't make your own choices, your DC pension pot and any future contributions will be invested in the **Flexible Income Strategy** and your TRA set as 65. These are the Scheme's default options but that doesn't mean that they are right for you.

It's important for you to take time to read the rest of this guide, so you can find out more about the other options available and decide what's right for you.

HSBC pays most of the fees

HSBC pays all the administration and investment management fees for the investment options currently available.

There are other investment costs borne by members, from time to time, when funds are bought and sold called transaction costs. For example, when automatic investment switches made within the Targeted Investment Strategies (see pages 10-13) or investment switches made within Freechoice (see page 14). Any transaction costs are deducted from the assets of the fund(s) and reflected in the daily price of the fund(s) used for members' DC pension pots. The actual amount will depend on the particular fund(s) bought and sold.

Ask yourself what's right for you

Everyone has their own route to retirement. That's why the investment choice for your DC pension pot is important.

To get started there are two approaches for you to think about that differ by the amount of time you would need to manage the investment of your DC pension pot. It's also likely to depend on your attitude to risk, your age, and what you want to do with your DC pension pot when you retire. It could also take into account your other savings; how confident you feel about making your own investment decisions and having access to the information and data that you will need.

The "hands-off" approach: Targeted Investment Strategies.

Choose from one of the three Targeted Investment Strategies that automatically change the investment mix of your DC pension pot as you approach retirement.

Find out more about what to consider by following the three steps on pages 7-8.

The "hands-on" approach: Freechoice.

Set your own investment strategy using 18 Freechoice funds. You are in full control of managing the investment mix of your DC pension pot.

Find out more about what to consider on page 9.

Start with step 1

"Hands-off" approach

Decide whether you want to be "hands-off"?

Targeted Investment Strategies

Automatic changes are made to the investment of your DC pension pot

If you're happy to decide the type of retirement income you want to take and don't have the experience or time to regularly review your choice of investment funds, you may prefer a "hands-off" investment approach. The Scheme's "hands-off" investment options are called Targeted Investment Strategies. They each follow a pre-set investment strategy designed by the Scheme's Trustee with the help of professional investment advisers. The tailored mix of four funds used for each investment strategy changes automatically over time.

There are three strategies for you to choose from depending on the type of retirement income that you want to take: a flexible income, an annuity or a cash lump sum (see pages 10-13).

Consider this approach if:

- You know the type of retirement income you want to take and when.
- You don't have the time to regularly review your choice of investment funds or are less confident managing your investments.

Choose from one of the Target Investment Strategies:

Flexible Income Strategy | Annuity Purchase Strategy | Lump Sum Strategy

If you joined the Scheme on or after 1 March 2018 and don't make your own investment choice, your DC pension pot and any future contributions will be invested in the **Flexible Income Strategy** (see page 5).

Step 2

"Hands-off" approach

Think about the type of retirement income you want.

If you choose the "hands-off" approach and invest your DC pension pot in one of the Targeted Investment Strategies, it's important to think about the type of income you will take in retirement. This is because, as you get closer to retirement, each of the Targeted Investment Strategies uses a different tailored mix of investment funds for your DC pension pot.

There are three strategies for you to choose from depending on the type of retirement income that you want to take. Each strategy is designed for you to take 25% of your DC pension pot as a tax-free cash sum and to use the balance to provide either a flexible income, or an annuity, or a cash lump sum at your TRA (or beyond) (see pages 10-13). You can update the investment choice for your DC pension pot on **My Pension** (see page 24).

Step 3

"Hands-off" approach

Plan when to take your DC pension pot.

The last step, if you chose one of the Targeted Investment Strategies is to let us know the age you plan to retire called your Target Retirement Age (TRA). You can do this by updating your TRA on **My Pension** (see page 24).

Your TRA is important because the Scheme Trustee has designed the Targeted Investment Strategies to change the investment mix used for your DC pension pot based on the time to your TRA. When you're younger and much further away from retirement (more than 10 years from TRA), all three Targeted Investment Strategies invest in the same funds (see below) with the aim of achieving long-term investment growth (also called capital growth).

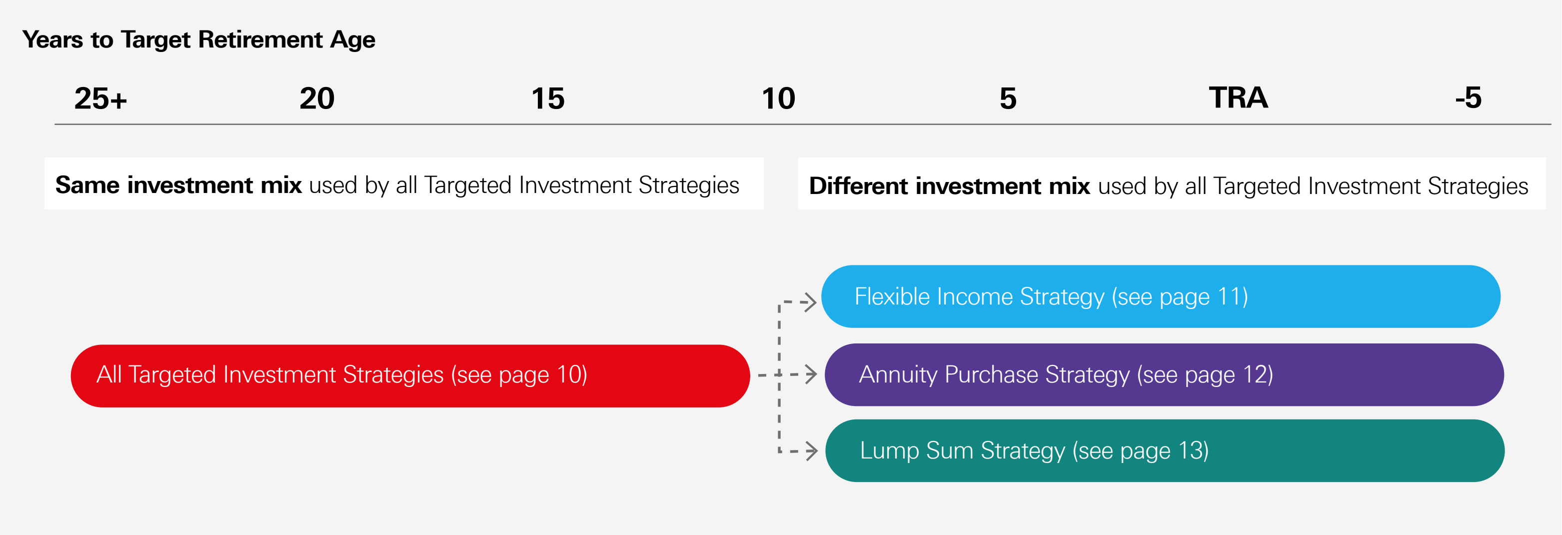
As your DC pension pot is invested, its value will change as investment markets rise and fall. If investment markets fall when you're younger, the potential for future investment growth means there's time for the value of your DC pension pot to recover.

As you get older, less than 10 years from TRA, the investment mix continues to change with the aim of providing more certainty for the type of retirement income (see below) you plan to take from your DC pension pot.

If your retirement plans change, you should think about whether to update your TRA but remember, selecting a new TRA will change the mix of investments used for your DC pension pot if you are, or will be, less than 10 years from your TRA (see below).

Why is investment important?

Whilst your DC pension pot is invested it has a chance to grow. The longer it's invested, the more opportunity it has to reach your financial goal.



Take full control

"Hands-on" approach

Decide whether you want to be "hands-on"?

Freechoice funds

Freedom and responsibility for managing the investment of your DC pension pot.

If you have some investment experience, are comfortable choosing between the different types of investments and have a clear view of your retirement objectives and attitude to investment risks, you may want to consider Freechoice. If you select from the Freechoice fund range (see page 14), you will need to set your own investment strategy.

When you select the "hands-on" approach to set your own investment strategy, using the Freechoice range of funds, it's important to make sure that your chosen investments continue to match your financial plans for the future. You should regularly check that your DC pension pot is doing what you want it to, for example, that the investment risk is right for you. This is especially important as you get closer to retirement.

Later in this guide, there's lots more information about investment risks (see page 16), the range of funds available (see pages 17-18) and the different types of investment (see pages 22-23). The Scheme regularly publishes updated DC fund factsheets (see page 27) and you can see how your DC pension pot investments are performing at any time on **My Pension** (see page 24).

Consider this approach if:

- You have some investment experience and enough time to manage the investment of your DC pension pot over the long term.
- You're comfortable choosing between the different types of investments and when to switch between them.
- You have a clear view of your retirement objectives and attitude to investment risks.

Set your own strategy:

18 Freechoice funds

If you choose Freechoice, it will be your responsibility to create and update the investment strategy for your DC pension pot, monitor fund performance and make decisions about investment risks. You can update your investment choice on **My Pension** (see page 24).

Targeted Investment Strategies "Hands-off" approach

Choose a Targeted Investment Strategy

Why choose one of these options?

Because you want to use the "hands-off" approach. All of the Targeted Investment Strategies invest your DC pension pot in four pre-selected investment funds. Starting 20 years from your TRA, the mix of these investment funds gradually changes based on the time to your TRA.

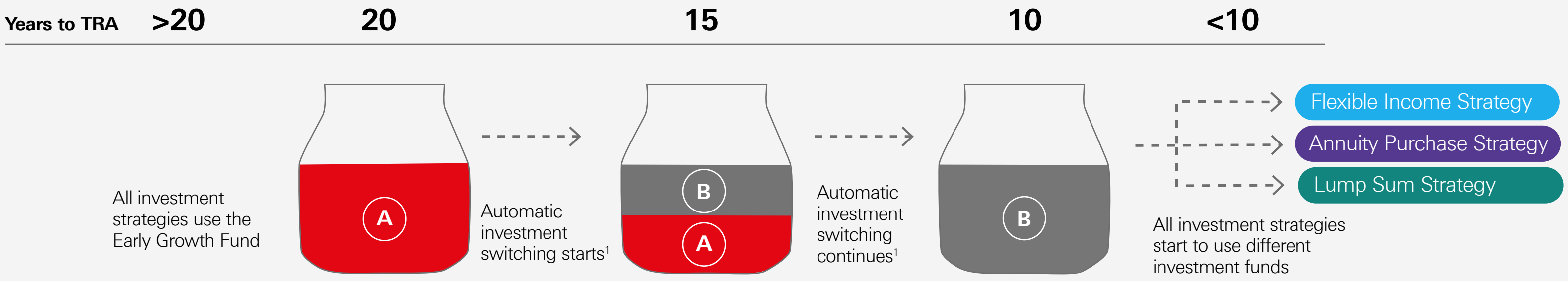
The automatic switching process means that the overall investment aims (the balance between risk and potential growth) for your DC pension pot also changes over time.

The changing aims of the investment strategies, over the years to TRA (and beyond), are outlined on pages 10-13. These aims are not a guarantee of either the value of your DC pension pot or the amount of the benefits it might provide for you. Please also see the important note on page 5.

Watch the **How your Targeted Investment Strategy works video** to find out more.

All Targeted Investment Strategies

Investment of your DC pension pot earlier in your pension savings journey (more than 10 years to TRA):



[1] Switching from Early Growth fund to Late Growth fund

What are the aims of all the investment strategies when you are earlier in your pension savings journey?

The aims change over time:

- When you are **more than 20 years from TRA**, the overall aim is to achieve long-term growth for your DC pension pot.
- When you reach **20 years from TRA**, the overall aim begins to gradually change to a balance between long-term growth for your DC pension pot whilst also smoothing out some of the highs and lows from investment markets.
- From **10 years to TRA**, the overall aim begins to gradually change to match your choice of retirement income (see pages 11 to 13).

How do the investment strategies work?

The diagram above is a summary of how the mix of investment funds used for your DC pension pot changes beginning 20 years from your TRA. Up until 10 years from your TRA, all three Targeted Investment Strategies use the same mix of the following investment funds:

A **Early Growth fund:** currently invests in a mix of 85% global equities and 15% private markets*

B **Late Growth fund**: currently invests in a mix of 50% global equities and 50% diversified assets.

*The percentage invested in private markets is planned to gradually build up over 2024 and reach 15% in 2025

Flexible Income Strategy

Why choose this investment strategy?

The Flexible Income Strategy is designed for you to take 25% of your DC pension pot as a tax-free cash sum and to use the balance to provide a flexible income (e.g. drawdown income - see page 24) at your TRA (or beyond).

This is the Scheme's main default investment option (see page 5).

When you are ready to take drawdown income, you'll need to transfer your DC pension pot out of the Scheme to your choice of external provider. Whilst this option is not available directly from the Scheme, the Trustee has agreed competitive charges with LifeSight Spending, a drawdown income provider. You can find out more about LifeSight Spending **here** - by clicking you'll be going to an external provider.

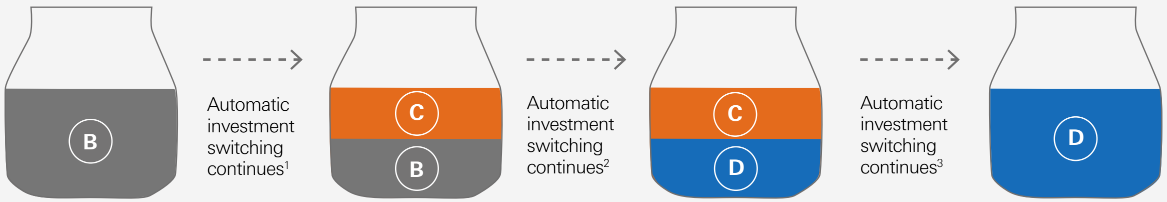
If you'd like to know more about how the Flexible Income Strategy works see page 19 and for more detail about the investment funds it uses see page 21. If you think it's the right option for you, update your investment choice on **My Pension** (see page 24).

Flexible Income Strategy

Investment of your DC pension pot as you approach retirement (within 10 years to TRA):

Years to TRA	10	5	TRA	-5

Flexible Income Strategy



[1] Switching from the Late Growth fund to the Approaching Retirement - Flexible Income fund. [2] Switching from the Late Growth fund to the Approaching Retirement - Flexible Income fund and later from both the Late Growth fund and Approaching Retirement - Flexible Income fund to the Through Retirement - Flexible Income fund. [3] Switching from the Approaching Retirement - Flexible Income fund to the Through Retirement - Flexible Income fund

What are the aims of this investment strategy?

The aims change over time:

- When you are 10 years from TRA, the overall aim is a balance between moderate growth and some protection from the risk of a sudden fall in value of your DC pension pot.
- Over the 10 years to TRA, the overall aim is to gradually change from continuing growth to more certainty for the benefits your DC pension pot may provide.
- When you reach TRA (and beyond), the overall aim is to provide increased certainty for your tax-free cash sum whilst maintaining some lower growth and protection from the risk of a sudden fall in value of your DC pension pot.

How does this investment strategy work?

At times on your pension savings journey, your DC pension pot will use a mix of up to three investment funds. The diagram above is a summary of the automatic switching between investment funds used for your DC pension pot beginning 10 years from your TRA. This process continues until 5 years after your TRA using a mix of the following investment funds:

- B **Late Growth fund**: currently invests in a mix of 50% global equities and 50% diversified assets
- C **Approaching Retirement - Flexible Income fund**: currently invests in a mix of 63% diversified assets and 37% global bonds
- D **Through Retirement - Flexible Income fund**: currently invests in a mix of 50% cash, 33% global bonds and 17% diversified assets

Targeted Investment Strategies | "Hands-off" approach

Annuity Purchase Strategy

Why choose this investment strategy?

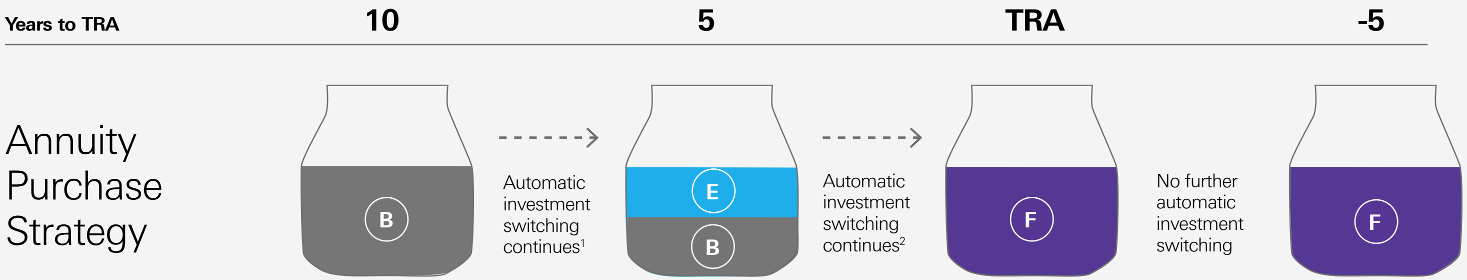
The Annuity Purchase Strategy is designed for you to take 25% of your DC pension pot as a tax-free cash sum and to use the balance to buy a fixed annuity (a regular income for life with no increases or fixed increases - see page 24) at your TRA (or beyond). You can buy an annuity from an insurance company of your choice.

This investment strategy does not guarantee the amount of fixed annuity your DC pension pot might buy.

If you'd like to know more about how the Annuity Purchase Strategy works, see page 20 and for more detail about the investment funds it uses see page 21 If you think it's the right option for you, update your investment choice on **My Pension** (see page 24).

Annuity Purchase Strategy

Investment of your DC pension pot as you approach retirement (within 10 years to TRA):



[1] Switching from the Late Growth fund to the Approaching Retirement - Annuity Purchase fund. [2] Switching from the Late Growth fund and the Approaching Retirement - Annuity Purchase fund to the Through Retirement - Annuity Purchase fund

What are the aims of this investment strategy?

The aims change over time:

- When you are 10 years from TRA, the overall aim is a balance between moderate growth and some protection from the risk of a sudden fall in value of your DC pension pot.
- Over the 10 years to TRA, the overall aim is to gradually change from continuing growth to more certainty for the benefits your DC pension pot may provide.
- When you reach TRA (and beyond), the overall aim is to provide increased certainty for your tax-free cash sum and to broadly match the cost of buying a fixed annuity.

How does this investment strategy work?

At times on your pension savings journey, your DC pension pot will use a mix of up to three investment funds. The diagram above is a summary of the automatic switching between investment funds used for your DC pension pot beginning 10 years from your TRA. This process continues until your TRA using a mix of the following investment funds:

- B **Late Growth fund**: currently invests in a mix of 50% global equites and 50% diversified assets
- E **Approaching Retirement - Annuity Purchase fund**: currently invests in 100% fixed annuity bonds
- F **Through Retirement - Annuity Purchase fund**: currently invests in a mix of 75% fixed annuity bonds and 25% cash

Targeted Investment Strategies | "Hands-off" approach

Lump Sum Strategy

Why choose this investment strategy?

The Lump Sum Strategy is designed for you to use all of your DC pension pot for a cash lump sum (see page 24) at your TRA (or beyond)*. You can normally take up to 25% tax-free with the balance taxed at your marginal rate of income tax.

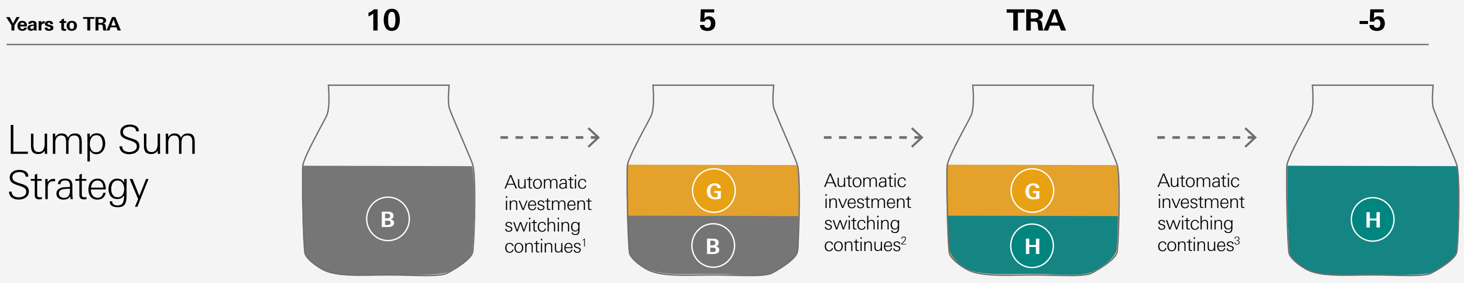
> This is the Scheme's default investment option for Hybrid members (see page 4).

If you'd like to know more about how the Lump Sum Strategy works, see page 20 and for more detail about the funds it uses see page 21. If you think it's the right option for you, update your investment choice on **My Pension** (see page 24).

*If you are a Hybrid member or a DB member with AVCs you may be able to take part or your whole DC pension pot or AVCs as part of your Scheme tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

Lump Sum Strategy

Investment of your DC pension pot as you approach retirement (within 10 years to TRA):



[1] Switching from the Late Growth fund to the Approaching Retirement - Lump Sum fund. [2] Switching from the Late Growth fund to the Approaching Retirement - Lump Sum fund and later from both the Late Growth fund and Approaching Retirement - Lump Sum fund to the Through Retirement - Lump Sum fund. [3] Switching from the Approaching Retirement - Lump Sum fund to the Through Retirement - Lump Sum fund

What are the aims of this investment strategy?

The aims change over time:

- When you are 10 years from TRA, the overall aim is a balance between moderate growth and some protection from the risk of a sudden fall in value of your DC pension pot.
- Over the 10 years to TRA, the overall aim is to change from continuing growth to more certainty for the benefits your DC pension pot may provide.
- When you reach TRA (and beyond), the overall aim is to provide increased certainty for your cash lump sum.

How does this investment strategy work?

At times on your pension savings journey, your DC pension pot will use a mix of up to three investment funds. The diagram above is a summary of the automatic switching between investment funds used for your DC pension pot beginning 10 years from your TRA. This process continues until 5 years after your TRA using a mix of the following investment funds:

- B **Late Growth fund**: currently invests in a mix of 50% global equites and 50% diversified assets
- G **Approaching Retirement - Lump Sum fund**: currently invests in 100% global bonds
- H **Through Retirement - Lump Sum fund**: currently invests in a mix of 50% global bonds and 50% cash

Freechoice funds   "Hands-on" approach

Set your own strategy with Freechoice

An option that gives you flexibility to set and manage your own investment strategy using the Freechoice fund range.

Freechoice allows you to choose one or a combination from the 18 funds available (see right) and to switch the investment of your DC pension pot between them as your plans and circumstances change. You can make up to 12 changes to your investment choices in a year without paying any administration charges for these investment switches. Any transaction costs will however, be met by your DC pension pot (see page 5).

If you select Freechoice, you'll need to review your fund choices and planned retirement age regularly to make sure they still meet your goals. This is especially important as you get closer to retirement because your DC pension pot won't automatically be moved into funds designed to match a particular type of retirement income.

Why choose this option?

Freechoice allows you to choose investment funds for your DC pension pot that reflect your aims and personal circumstances.

You may want to consider this approach if you:

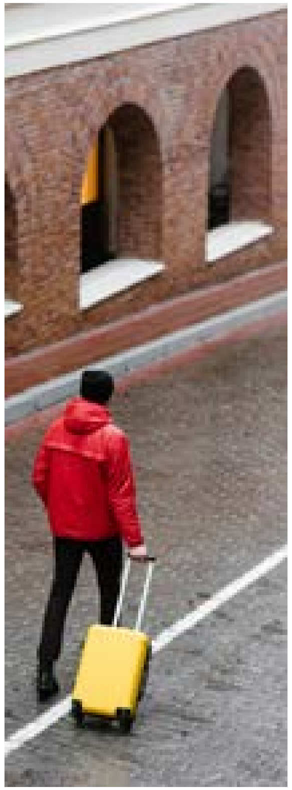
- Have some investment experience and enough time to manage the investment of your DC pension pot over the long term.
- Are comfortable choosing between the different types of investments and when to switch between them.
- Have a clear view of your retirement objectives and attitude to investment risks.

If you'd like to know more about how Freechoice works, there's lots of information about the current range of funds (see pages 17-18), risks (see page 16) and the different types of investments (see pages 22-23). You will also find the latest DC fund factsheets in the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/**. If you think Freechoice is the right option for you, update your investment choice on **My Pension** (see page 24).

The full range of Freechoice funds

These are the funds you can currently invest your DC pension pot in:

Equities	UK Equities – active
	UK Equities – passive
	Global Equities – active
	Global Equities – passive
	Emerging Markets Equities – active
	North American Equities – passive
	European (excluding UK) Equities – passive
	Japanese Equities – passive
	Asia Pacific (excluding Japan) Equities – passive
	Sustainable & Responsible Equities – active
	Shariah Law Equities – passive
Bonds	Inflation Linked Annuity Tracker – passive
	Fixed Annuity Tracker – passive
	Global Bonds – active
	Sterling Corporate Bonds – active
Other assets	Cash – active
	Property – active
	Diversified Assets – active



"Hands-off" approach

Different types of risk explained

Are you in the right Targeted Investment Strategy?

The Targeted Investment Strategies are designed for members to take either a flexible income, a fixed annuity, or a cash lump sum at their TRA (or beyond). In the 10 years before TRA, the aims of each Targeted Investment Strategy differ (see pages 10-13) including the main risks they are designed to address:

- **Flexible Income Strategy** aims to reduce inflation risk.
- **Annuity Purchase Strategy** aims to reduce pension conversion risk for buying a fixed annuity.
- **Lump Sum Strategy** aims to reduce capital risk.

These risks are explained on page 16. The table on page 21 includes risk ratings (from low to high) for capital risk, inflation risk and pension conversion risk for all of the funds used by the Targeted Investment Strategies.

If you have chosen a Targeted Investment Strategy and it does not match the type of retirement income you plan to take, this will increase the uncertainty for the amount of income you may receive. You can update your investment choice on **My Pension** (see page 24). Don't forget, the value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise.

Different types of risk explained

More about investment risks.

Whichever investment choice you make, your DC pension pot will be using one or more of the Scheme's investment funds. This means it's important to understand more about risk. If you have chosen Freechoice or Flexicycle funds, it's particularly important to understand about risk because you need to regularly monitor and make investment decisions about your DC pension pot.

The tables on pages 17-18 and 21 include risk ratings (from very low to very high) for the following three main types of risk:

Capital risk

The value of your DC pension pot is not guaranteed and will rise and fall in line with the unit prices of the funds used for your chosen investment option – this is called volatility.

Capital risk is the risk that the unit price of a fund will fall. Funds with a higher capital risk rating might be expected to grow more over the long term, but with the risk of a big fall in unit price in the short term. The younger you are, the less worried you might be about capital risk, because your funds have time to recover their value before you retire. Funds with a higher capital risk rating, including all equity funds, may be less suitable if you are close to retirement and want more certainty.

Inflation risk

Over time, inflation reduces the purchasing power because each £1 of your money will buy less in terms of goods and services.

Inflation risk is the risk that the unit prices of the funds used for your chosen investment option grow more slowly than prices rise.

Funds with a higher inflation risk rating may erode the future purchasing power of your DC pension pot if they grow by less than the rate of inflation. This can be a particular problem if you are some years from retirement and you have chosen funds that invest in cash or bonds (see pages 17-18).

Pension conversion risk

The prices of annuities are set by insurance companies and change on a regular basis – over time they go up and down. If you want to buy an annuity, this means that the amount of retirement income you can buy with your DC pension pot will also change.

Pension conversion risk is the risk that the amount of retirement income you can buy as an annuity drops before you retire because the unit prices of the funds used for your chosen investment option do not match the cost of buying an annuity.

Funds with a low pension conversion risk rating (see pages 17-18) aim to preserve the annuity buying power of your DC pension pot:

- The Freechoice range includes two funds of this type. The Fixed Annuity Tracker – passive fund aims to broadly match changes in the price of a fixed annuity (one without any, or with fixed, annual pension increases). In a similar way, the Inflation Linked Annuity Tracker - passive fund aims to broadly match changes in the price of an inflation-linked annuity (one with annual pension increases linked to inflation).
- The Annuity Purchase Strategy uses the Approaching Retirement - Annuity Purchase fund and the Through Retirement - Annuity Purchase fund which both aim to broadly match changes in the price of a fixed annuity (one without any, or with fixed, annual pension increases).

If you want to know more detail about the investment risks and the objectives of the funds used in all three of the Targeted Investment Strategies and the Freechoice range of funds, you can read and download the latest fund factsheets from the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/**.

You can normally buy and sell units in the investment funds on a daily basis, however, this may be delayed due to exceptional market circumstances.

The value of members' DC pension pots is always linked to the price of the investment funds which make up their investment choice. This means that the value of members' DC pension pots is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future investment performance.

"Hands-on" approach

Freechoice funds and risks

If you choose Freechoice, this table provides useful information to consider when selecting the investment funds for your DC pension pot. Descriptions of each fund are included on the DC fund factsheets (see page 27) and explanations of the different types of risk are on page 16. This information may also be useful to members who have previously chosen funds in Flexicycle.

Actively managed funds

Fund name	Capital risk	Inflation risk	Pension conversion risk
UK Equities – active	High	Medium	High
Global Equities – active	High	Medium	High
Emerging Markets Equities – active	Very high	Medium	High
Sustainable & Responsible Equities – active	Very high	Medium	High
Global Bonds – active	Medium	Medium/High	Medium
Diversified Assets – active	Medium	Medium	Medium/High
Property - active	Medium/ High	Medium	High
Cash - active	Very low	Very high	Medium
Sterling Corporate Bonds – active	Medium	High	Low/Medium

"Hands-on" approach

Passively managed funds

Fund name	Capital risk	Inflation risk	Pension conversion risk
UK Equities – passive	High	Medium	High
Global Equities passive	High	Medium	High
Shariah Law Equities – passive	High	Medium	High
North American Equities – passive	High	Medium	High
European (ex UK) Equities – passive	High	Medium	High
Japanese Equities – passive	High	Medium	High
Asia Pacific (ex Japan) Equities – passive	High	Medium	High
Inflation Linked Annuity Tracker – passive	Medium	Low	Low[1] (indexed annuities)
Fixed Annuity Tracker – passive	Medium	High	Low[2] (non increasing and fixed increase annuities)

[1] This fund aims to broadly match the changes in indexed annuity prices. [2] This fund aims to broadly match the changes in non-increasing and fixed increase annuity prices

Finding out more about fund performance

You can find out more information about each fund's investment objectives, benchmarks, risk ratings and how the funds are performing from the DC fund factsheets which are produced after the end of every quarter.

You can read and download the latest DC fund factsheets from the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/**.

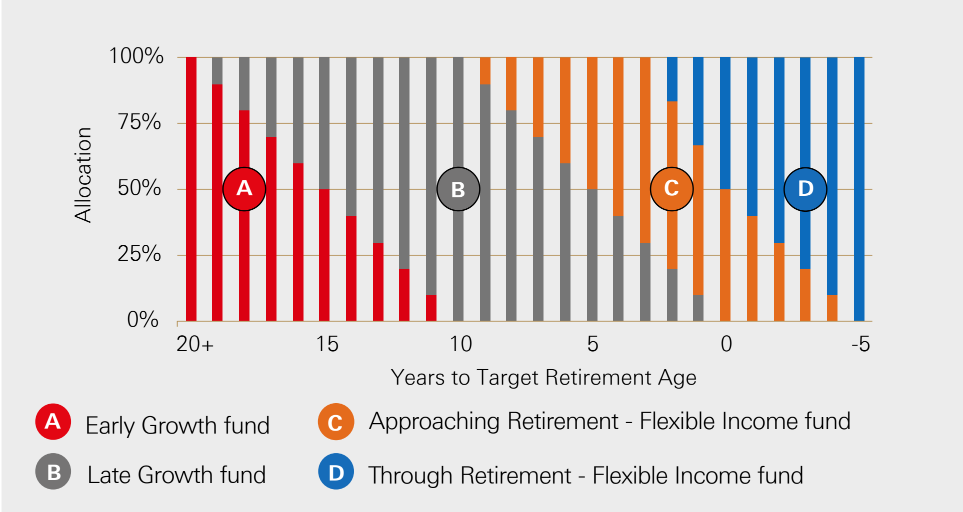
"Hands-off" approach

Targeted Investment Strategies in more detail

The Targeted Investment Strategies each use four pre-selected investment funds. The mix of these funds changes automatically based on the time to TRA.

The charts on pages 19 and 20 provide an illustration of the investment mix used by each Targeted Investment Strategy up to TRA (and beyond). The actual automatic investment switches are made every 3 months.

Flexible Income Strategy



Investment mix used by the Flexible Income Strategy shown in 1-year steps (chart above) and 5-year steps (table below) over the years to TRA (and beyond). Automatic investment switching stops 5 years after TRA.

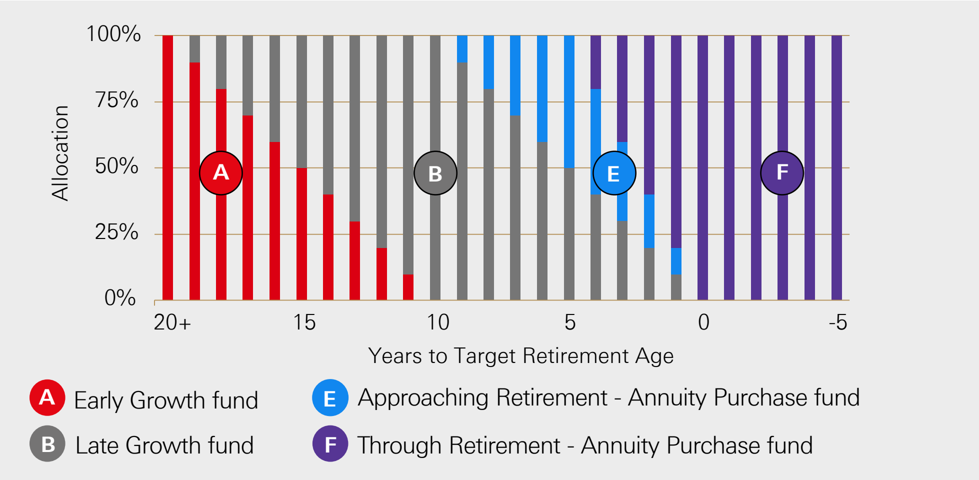
Fund (see key above)	**Years to TRA**					
	20+	**15**	**10**	**5**	**0**	**-5**
A	100%	50%	0%	0%	0%	0%
B	0%	50%	100%	50%	0%	0%
C	0%	0%	0%	50%	50%	0%
D	0%	0%	0%	0%	50%	100%

More detail

"Hands-off" approach

Targeted Investment Strategies in more detail

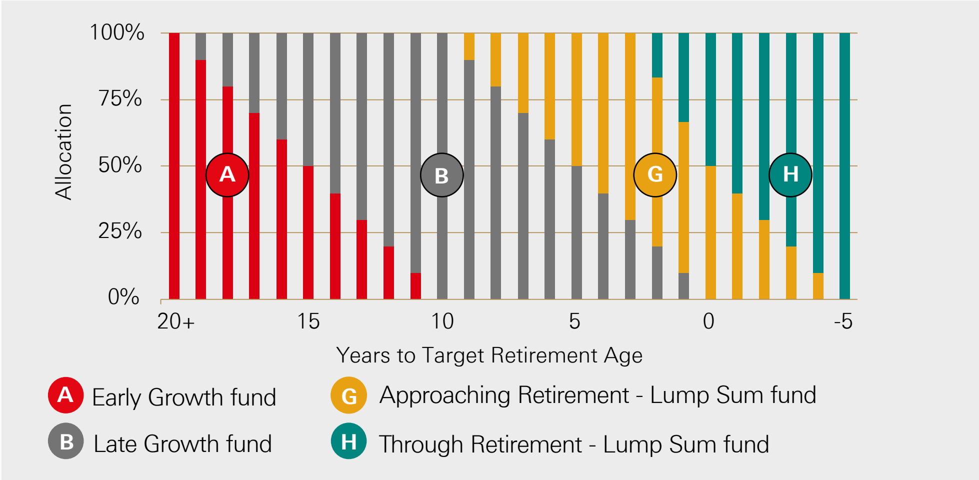
Annuity Purchase Strategy



Investment mix used by the Annuity Purchase Strategy shown in 1-year steps (chart above) and 5-year steps (table below) over the years to TRA (and beyond). Automatic investment switching stops at TRA.

Fund (see key above)	**Years to TRA**					
	20+	**15**	**10**	**5**	**0**	**-5**
A	100%	50%	0%	0%	0%	0%
B	0%	50%	100%	50%	0%	0%
E	0%	0%	0%	50%	0%	0%
F	0%	0%	0%	0%	100%	100%

Lump Sum Strategy



Investment mix used by the Lump Sum Strategy shown in 1-year steps (chart above) and 5-year steps (table below) over the years to TRA (and beyond). Automatic investment switching stops 5 years after TRA.

Fund (see key above)	**Years to TRA**					
	20+	**15**	**10**	**5**	**0**	**-5**
A	100%	50%	0%	0%	0%	0%
B	0%	50%	100%	50%	0%	0%
G	0%	0%	0%	50%	50%	0%
H	0%	0%	0%	0%	50%	100%

"Hands-off" approach

Targeted Investment Strategy funds

The Early Growth fund and Late Growth fund are used by all the investment strategies whilst the Approaching Retirement funds and Through Retirement funds, described in the table below are tailored to each investment strategy.

Targeted Investment Strategy funds (not currently available for Freechoice)

Fund name	Description	Capital risk	Inflation risk	Pension conversion risk
A Early Growth fund[1]	Invests in 85% global equities and 15% private markets[5]	High	Low/Medium	High
B Late Growth fund[1]	Invests in 50% global equities and 50% diversified assets	Medium/High	Medium	High
C Approaching Retirement - Flexible Income fund[2]	Invests in 63% diversified assets and 37% global bonds	Medium	Medium	Medium
D Through Retirement - Flexible Income fund[2]	Invests in 50% cash, 33% global bonds and 17% diversified assets	Low	High	Medium
E Approaching Retirement - Annuity Purchase fund[3]	Invests in 100% fixed annuity bonds	Medium	High	Low[6]
F Through Retirement – Annuity Purchase fund[3]	Invests in 75% fixed annuity bonds and 25% cash	Medium	High	Low[6]
G Approaching Retirement - Lump Sum fund[4]	Invests in 100% global bonds	Medium	Medium/High	Medium
H Through Retirement - Lump Sum fund[4]	Invests in 50% cash and 50% global bonds	Low	High	Medium

See pages 19 and 20 for key to use of A to H

[1] Used by all three Targeted Investment Strategies [2] Only used by Flexible Income Strategy
[3] Only used by Annuity Purchase Strategy [4] Only used by Lump Sum Strategy [5] The percentage invested in private markets is planned to gradually build up over 2024 and reach 15% in 2025 [6] The fixed annuity bonds aim to broadly match the changes in non-increasing and fixed increase annuity prices.

Finding out more about fund performance

You can find out more information about each fund's investment objectives, benchmarks and risks from the DC fund factsheets which are produced after the end of every quarter.

You can read and download the latest fund factsheets from the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/**.

"Hands-off" approach "Hands-on" approach

More about investment

What are DC funds and asset classes?

The Trustee appoints specialist investment managers that are responsible for the day-to-day management of the investments in each fund.

The Trustee regularly reviews the funds' performance and continuing suitability for the Scheme's membership. From time to time, the funds available or the underlying investment managers will change.

To keep things running quickly and smoothly, these changes will be made by the Trustee after taking appropriate advice from its advisers.

We will keep you informed but reserve the right to make changes without letting you know in advance. This is important as it allows the Trustee to react quickly to evolving situations.

If you want to know more about the different types of investments, these short definitions of asset classes should help.

Cash

Cash funds are made up of money deposited at banks and building societies and money invested in money market securities. The return normally consists of interest payments.

Bonds

Bond funds invest in loans that are made to a company, government, or other organisation. The return normally consists of "interest" payments and the repayment of the amount loaned.

Global bond funds typically invest in North America, Europe and the UK, Asia Pacific and Japan and Emerging Markets.

Diversified assets

Diversified assets funds invest in equities and other investments that offer growth potential including currencies, commodities, higher-risk bonds and property. The return normally consists of "interest" payments and capital appreciation of the underlying investments.

Equities

Equity funds invest in shares of companies, traded on stock markets. The return normally consists of dividends paid out of the company's profits and any change in the share price. Global equity funds typically invest in North America, Europe and the UK, Asia Pacific and Japan and Emerging Markets.

Fixed annuity funds

Fixed annuity funds invest in UK government bonds (called gilts) and company bonds. The return normally consists of "interest" payments and the repayment of the amount loaned. The types of bonds held within these funds aim to match fixed annuity price changes.

Private markets

Private markets funds can include a wide range of privately traded investments: real estate, infrastructure, private equity, private credit, commodities, farmland, forestry, and natural resources. The return normally consists of "interest" payments and capital appreciation of the underlying investments.

Property

Property funds invest in commercial premises, such as offices, shops and factories in the UK and overseas. The return normally consists of rental income and the change in value of the property when it is sold.

Sustainable and responsible equities

Sustainable and responsible equity funds invest in shares of companies that have sustainable practices and a responsible approach to environmental, social and governance (ESG) issues. The return normally consists of dividends paid out of the company's profits and any change in the share price, capital appreciation, when the shares are sold.

Shariah law equities

Shariah law equity funds invest in a way that's consistent with Islamic law. They are typically passive funds, made up of equities that track the stock markets, and exclude companies trading in arms, tobacco, alcohol and pork. Each investment is verified by Islamic scholars. The return normally consists of dividends paid out of the company's profits and any change in the share price, capital appreciation, when the shares are sold.

"Hands-off" approach
"Hands-on" approach

More about investment

Understand active and passive funds.

You may have noticed that some of the funds are called passive and some are called active (see pages 17-18). The difference is how they're managed.

Passive funds

A passive fund aims to mirror the ups and downs of an index or benchmark. An index is the combined price of a market, like the FTSE 100. The FTSE 100 is an index of the top 100 companies on the London Stock Exchange.

A manager of a passive fund doesn't actively make decisions about how the money should be invested. The passive fund price will go up and down with the level of the index.

Active funds

With these funds, an investment manager actively chooses investments he or she believes will perform better than the corresponding index although there's no guarantee this will happen.

Some of our active funds have benchmarks which the investment manager tries to outperform and others have medium to longer term targets that they try to achieve. Over different periods of time, funds may under perform or outperform the target.

Targeted Investment Strategies | Freechoice funds

Review your choices

It's important to regularly check that your chosen investment option matches your plans for the future.

What happens if you don't choose an option?

If you joined the Scheme on or after 1 March 2018 and you don't tell us your choice, your DC pension pot and any future contributions will be automatically invested for you in the **Flexible Income Strategy** (also see legacy arrangements on page 4) and your TRA will be set as 65.

Login to My Pension by going to the Scheme website futurefocus **https://futurefocus.staff.hsbc.co.uk/** and selecting 'Login to My Pension'. Once on the homepage, select the 'My Investments tab' to find out how your DC pension pot is currently invested, and then select 'Change My Investments' from the drop-down menu if you want to update your investment choice.

Want to know more about the investment and retirement income options for your DC pension pot?

To find out more detail about the objectives of the funds in the Freechoice range and those used in all three of the Targeted Investment Strategies, read the latest fund factsheets in the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/**.

You can watch a short video on the 'Manage your investments' page on futurefocus **https://futurefocus.staff.hsbc.co.uk/** which explains the basics of how the Targeted Investment Strategies work.

If you want to understand more about your retirement income options, go to futurefocus **https://futurefocus.staff.hsbc.co.uk/**. At the top of the landing page, select 'Planning for your retirement' from the drop-down menu. You will find explanations about the drawdown income, annuity (fixed or increasing) and all cash options as well as where to get more help.

For a step-by-step introduction to retirement, watch our Retirement webcasts available in the Information Centre on futurefocus **https://futurefocus.staff.hsbc.co.uk/** where you can also find the DC member guide if you want to read more about your benefits and options.

Why is your TRA important?

You can choose the age you want to retire, currently any time between 55 and 75. If you don't make a choice, we'll assume you want to retire at age 65 (also see Legacy arrangements on page 4). If you're not planning on retiring at 65, it's important you choose your own TRA.

Your TRA is important because changes to the investment mix used by the Targeted Investment Strategies are based on the time to your TRA. If you take your benefits before your TRA you will be using your DC pension pot before the automatic investment switching is complete. This increases the risk that its value may fall sharply up until the date you take it. If you take your DC pension pot after your TRA this increases the risk that it may miss out on some potential growth. Remember, selecting a new TRA will change the mix of investments used for your DC pension pot if you are, or will be, less than 10 years from your TRA (see page 8).

If your DC pension pot is invested in one of the three Targeted Investment Strategies, you can change your TRA on My Pension. Go to **https://futurefocus.staff.hsbc.co.uk/** and selecting "Login to My Pension". Once on the homepage, select the 'My Investments' tab.

Taking financial advice

If you are thinking of making a change to your investments, we recommend that you consider speaking to a regulated financial adviser. To find a financial adviser, you can visit **https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

Help if you need it

If you are a DC member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, WTW.

Phone: 01737 227575

Email: **HSBCpension@willistowerswatson.com**

Post: HSBC Administration Team, WTW, PO Box 652, Redhill, Surrey, RH1 9AL

If you are a hybrid member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, Equiniti.

Phone: 0371 384 2631

Email: **HSBCHybridPensions@equiniti.com**

Post: HSBC Bank (UK) Pension Scheme, PO Box 5227, Lancing, BN99 9FN

If you are a Deferred Defined Benefit (DB) member and you've got a question about your AVCs in the Scheme please get in touch with the HSBC Scheme Administrator, Equiniti.

Phone: 0371 384 2620

Email: **HSBCDBPensions@equiniti.com**

Post: HSBC Bank (UK) Pension Scheme, PO Box 5227, Lancing, BN99 9FN

Keep up to date online

My Pension at work, at home and on the go.

If you want to keep track of your DC pension pot, change your investment options, or get illustrations of what your DC pension pot could be worth, you can do it online.

At work

Go to **https://futurefocus.staff.hsbc.co.uk/** and click on **Login to My Pension**, if you are on the HSBC network you can log in via single sign on.

At home

Go to **https://futurefocus.staff.hsbc.co.uk/** click on **Login to My Pension** then enter your user ID and password. Your user ID will be slightly different based on when you joined the Scheme.

If you joined the Scheme **before July 2024**, your **user ID** is:

- HSBC + your 8 digit **employee ID** + the year you were born.

So, if your employee ID is 00001234 and you were born in 1986, your user ID is HSBC000012341986.

If you joined the Scheme **during or after July 2024,** your **user ID** is:

- HSBC + your 7 digit **WTW reference number** + the year you were born.

So if your WTW reference number is 0001234 and you were born in 1986, your user ID is HSBC00012341986

Mobile app

Download 'Track My Pension' from the Apple App Store (for iOS devices) or the Google Play Store (for Android devices). Or use the QR codes opposite.

Once downloaded, you'll need a password to use the app. To get yours, go to **Login to My Pension** and click on mobile application password.

Apple App Store (for iOS devices)

SCAN ME

Google Play Store (for Android devices)

SCAN ME

Where to get more information

If you want to read more, you can find a wealth of information, including the following Scheme documents in the information centre on the Scheme's website, futurefocus.

Go to **https://futurefocus.staff.hsbc.co.uk**:

DC member guide

Explains how the Scheme works including your DC benefits and options (please refer to the relevant guide for your benefits).

Closed investment options guide for your DC pension pot

Provides more detail for members with DC pension pots invested in Cash Lifecycle, Lifecycle 2 and Flexicycle.

DC fund factsheets

Provide more detail about each fund's investment objectives, benchmarks and risks and are updated every quarter.

Statements of Investment Principles (SIP) - Defined Contribution

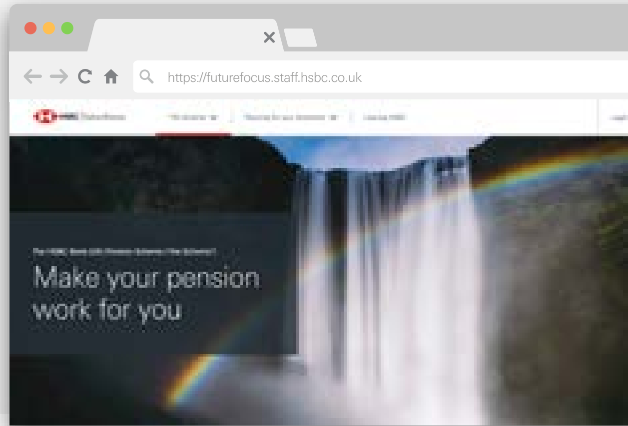
Sets out how the Trustee invests the Scheme's DC assets. The accompanying Annual Implementation Statement explains how the SIP has been followed during the year.

ESG bulletin

Explains the Trustees' work managing Environmental, Social and Governance (ESG) risks and opportunities across the Scheme's assets.

Trustee's Annual Report and Financial Statements

Shows the value of the Scheme's investments and the money coming into and paid out of the Scheme during the year.



Important notes

The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future investment performance.

You can normally buy and sell units in the investment funds on a daily basis, however, this may be delayed due to exceptional market circumstances.

The Trustee keeps the range of investments described in this guide under review and may, from time to time, make changes to the funds including removing or replacing some or all of the options and changing the underlying components of the investment strategies on offer from time to time.

This guide takes account of the Trustee's understanding of the UK tax and social security legislation in force as at June 2024. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

Issued by HSBC Bank Pension Trust (UK) Limited 2024

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

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