

HSBC World Selection - Cautious Portfolio

HSBC OpenFunds OEIC - 31 January 2012

Issued February 2012

Fund profile

The Portfolio aims to provide capital growth through cautious 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 Cautious 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 Cautious Portfolio invests in.

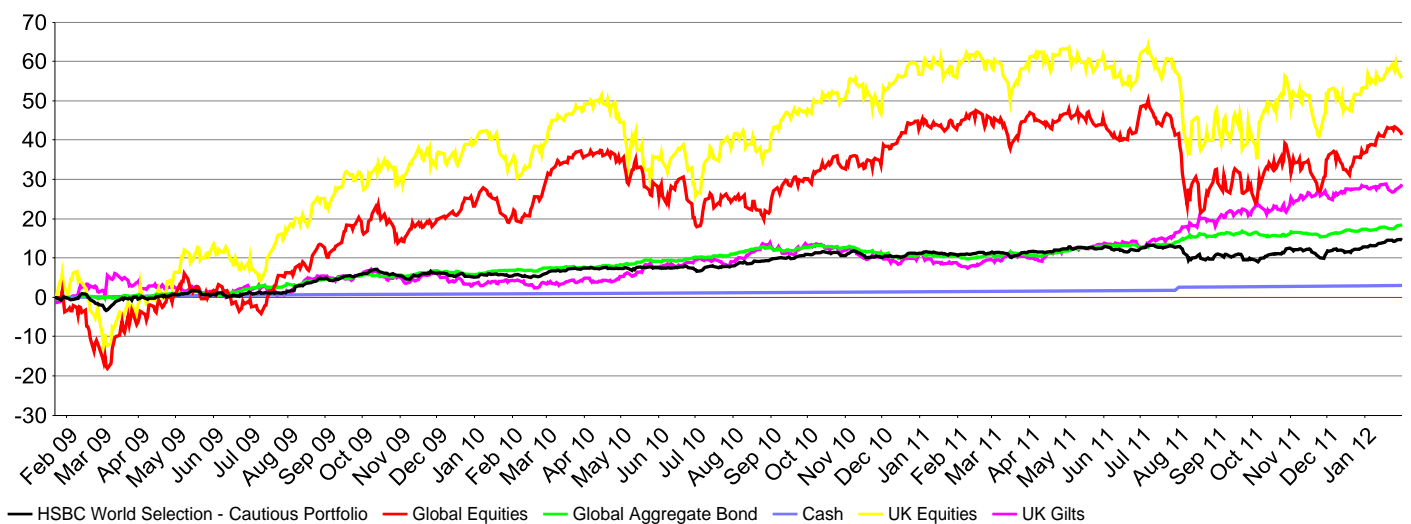
| Rolling time period | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years | Inception |
|---|---------|----------|----------|--------|---------|---------|-----------|
| HSBC World Selection - Cautious Portfolio | 1.51 | 1.78 | 1.60 | 3.34 | 14.49 | - | 14.60 |

Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 January 2012, for the accumulation share class.

| | 31/01/07 - 31/01/08 % Change | 31/01/08 - 31/01/09 % Change | 31/01/09 - 31/01/10 % Change | 31/01/10 - 31/01/11 % Change | 31/01/11 - 31/01/12 % Change |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| HSBC World Selection - Cautious Portfolio | - | - | 5.29 | 5.22 | 3.34 |
| Global Equities | -1.52 | -18.71 | 23.63 | 19.88 | -0.98 |
| Global Aggregate Bonds | 7.67 | 4.94 | 7.23 | 3.45 | 7.16 |
| Cash | 6.19 | 6.28 | 1.48 | 0.69 | 0.84 |
| UK Equities | -1.94 | -26.33 | 30.40 | 16.78 | 0.38 |
| UK Gilts | 7.13 | 7.28 | 4.26 | 4.46 | 18.27 |

Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 January 2012, for the accumulation share class.

Portfolio performance since inception (January 2009)



Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 January 2012, for the accumulation share class.

These figures refer to the past. Past performance is not a reliable indicator of future returns.

Yield(s)

Historic Yield[^] 0.82 %

[^]The yield at 31 January 2012. 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 January 2012 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 than the amount originally invested.** Fund performance, sector averages and ranks - Copyright © 2012 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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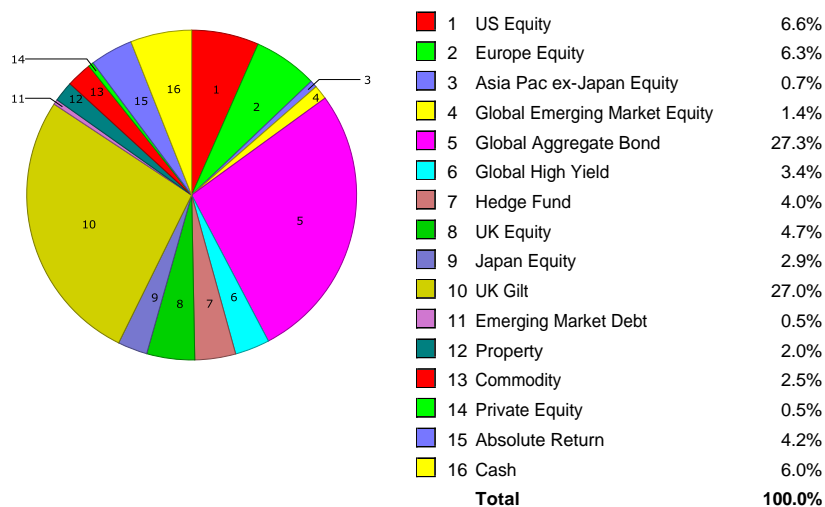
Top 10 holdings

| Stock | Weight |
|--|--------|
| 1 HSBC MultiAlpha Global Aggregate Bond (Underlying managers: Allianz PIMCO, Loomis Sayles, Franklin Templeton) | 27.3% |
| 2 HSBC UK Gilt Index | 16.2% |
| 3 Allianz PIMCO Gilt Yield | 10.8% |
| 4 HSBC MultiAlpha North America Equity (Underlying managers: WestEnd Advisors, Eaton Vance, Cohen & Steers, Winslow Capital Mgmt, Los Angeles Capital Mgmt) | 6.6% |
| 5 HSBC MultiAlpha Europe Equity (Underlying managers: AQR, JO Hambro, Schroder, Rothschild) | 6.3% |
| 6 HSBC Sterling Liquidity | 6.0% |
| 7 HSBC MultiAlpha Global High Yield Bond (Underlying managers: JP Morgan, Columbia) | 3.4% |
| 8 HSBC MultiAlpha Japan Equity (Underlying managers: Nomura Asset Management, Invesco, Polar Capital) | 2.9% |
| 9 HSBC UK Growth & Income (Underlying managers: BlackRock, GMO, SWIP, Invesco, Aberforth, Standard Life) | 2.7% |
| 10 HSBC FTSE All-Share Index | 1.5% |
| Total | 83.7% |

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) | 794.1 |
| Total number of holdings | 43 |
| Annual management charge** | 1.25% |
| Total Expense Ratio (TER) ** | 1.88% |
| 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 |

Portfolio composition by Asset Allocation*



* These were the target portfolio allocations as at 31 January 2012

HSBC Global Asset Management market review

The strong performance of equity markets in January was supported by positive economic data and improving investor sentiment. Despite the continuing Greek debt problems and the further downgrading of credit ratings in a number of eurozone countries, market volatility was overall contained. There was a noticeable improvement in manufacturing activity globally, particularly in the Asian emerging market region. An economic slowdown in China is looking less likely as economic activity remained stable over the month. In the equity segment, we retained our bias towards riskier asset classes, such as equities and global high-yield bonds, with a preference towards emerging market regions over developed countries. This strategy was rewarded with strong returns as investor sentiment improved in January. Within the fixed income segments, we retained our preference for global high-yield bonds over other areas of fixed income, in particular developed market government bonds. This segment made a strong contribution to performance as investors' risk appetite increased. In the alternative segment, property securities outperformed the global equity segment with strong returns in the HSBC MultiAlpha Global Real Estate Fund through positive stock selection and regional asset allocation. Meanwhile, a robust increase in the price of gold bolstered the performance of the portfolio's commodities segment. Overall, the HSBC World Selection Cautious Portfolio posted a return of 1.51% in January (net of TER in GBP). Whilst economic growth trends are still in early stages, the overall backdrop remains supportive of risk assets. Our key recommendation therefore is to remain well diversified.

Unless otherwise stated, all information is up to 31 January 2012 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 than the amount originally invested.** Past performance figures refer to the past. Past performance is not a reliable indicator of future returns. Please refer to the Selected Investment Funds key features document for a full list of risk factors relating to investments in the funds.

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**TER as of 15/10/2011. The TER shows the annual operating costs of the fund and includes the Annual Management Charge (AMC) and some other expenses. It does not include the initial charge for the product you are investing in, where relevant, or dealing costs and any interest on borrowing within the fund. As this fund invests in other Collective Investment Schemes, the TER also includes the AMCs levied by the Fund Managers of the underlying funds. Where relevant, we have negotiated reduced AMCs for the funds we select.

Details of any product related charges and other product information can be found in the Key Features Document for the product you are investing in.

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.