



HSBC GIF Asia ex Japan Equity Smaller Companies

Fund Overview

July 2014

Why consider the HSBC GIF Asia ex Japan Equity Smaller Companies?

Who should consider this fund?

- ▶ Investors who have a medium to long-term investment horizon and seek access to the structural and economic growth in the Asia ex Japan region by investing in smaller, less-established companies.

Why choose this fund?

- ▶ **Established track record** - The fund has been actively investing in Asia ex Japan smaller companies since 1997. The fund was awarded the “Best Fund over 5 Years” in the Equity Asia Pacific Small and Mid Caps category at The Edge Lipper Singapore Fund Awards 2013. It has ranked in the 1st quartile among its peers in the period 1, 3 and 5 year periods.¹
- ▶ **Emerging markets expertise** - HSBC Global Asset Management is one of the largest managers of emerging markets assets. HSBC group’s longstanding brand equity, in the emerging world provides a unique level of access to management teams as well as a nuanced understanding of local politics, cultures, and markets.

Why consider investing in Asia ex Japan smaller companies?

- ▶ **Aligned with Asia’s structural dynamics** – The next stage of Asian growth relies on liberalisation – the government stepping back from the market. However, the large cap segment is dominated by State-Owned Enterprises (SOE). Hence more privately-owned and managed companies – tomorrow’s leaders – are found among small caps.
- ▶ **Market inefficiencies create opportunities** – Brokerage firms often emphasize large cap over small cap research. This lack of coverage creates inefficiencies and thus opens up opportunities. The key to success is fundamental research and stock selection.
- ▶ **Not necessarily Beta plays** – Small caps are often seen as high beta, but historically, small cap companies have not necessarily underperformed their large cap counterparts in bull or bear markets. However, with the recent global financial crisis being a notable exception, small caps did underperform large caps. In fact, small caps have, cumulatively, outperformed their large cap counterparts since 2002.
- ▶ **Succeeding through stock selection** – Even in an otherwise lackluster market and economy, there are still pockets of high growth in new or revamped industries, which are usually in the small cap sector. Success in the small cap sector is driven by bottom-up stock selection, which entails uncovering niche companies with competitive edge over their peers and with the ability to sustain and grow their profits.

¹Source: Morningstar, data as at end of May 2014.

Any forecast, projection or target contained in this document is for information purposes only and is not guaranteed in anyway. HSBC accepts no liability for any failure to meet such forecasts, projections or targets. For illustrative purposes only.

Fund Managers



Elina Fung

Portfolio Manager

- ▶ Joined HSBC in 2007, previously with Norstar Founders Group Limited
- ▶ 19 years industry experience



Husan Pai

Investment Director, Equities

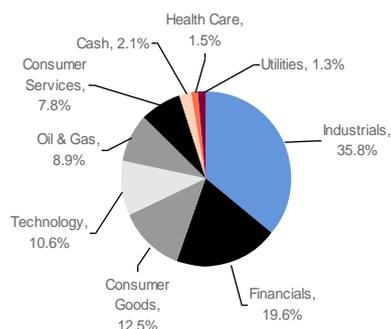
- ▶ Joined HSBC in 2003, previously with Credit Agricole Asset Management
- ▶ 26 years industry experience

Overview

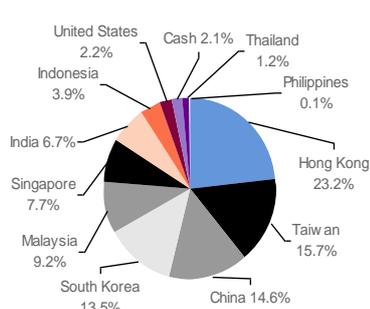
- ▶ The experienced investment team draws on local market resources knowledge and insights.
- ▶ The fund aims to capture growth opportunities in Asia ex Japan equities by investing within a rigorously applied risk management framework.
- ▶ A disciplined and repeatable investment process, is designed to drive long-term alpha by focusing on bottom-up stock selection.
- ▶ HSBC Global Asset Management has a recognised expertise in emerging markets with highly rated local, regional and global products.

Portfolio composition

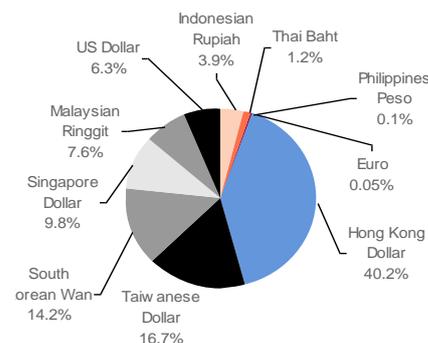
Asset allocation – by sector



Country exposure



Currency exposure



Source: HSBC Global Asset Management, data as at end of May 2014. Data shown is for illustrative purposes only and does not constitute any investment recommendation in the above-mentioned sectors, countries or currencies.

Investment process and team

Our investment process is clear, disciplined and repeatable. It focuses our resources on generating alpha through bottom-up stock selection, the area where we believe we have the greatest expertise and ability to deliver our performance. We focus on investment governance; the disciplined and transparent application of this process. Risk management is based on a fine-tuned, rigorous and independent approach focused on keeping the portfolio exposure within an acceptable level of risk.

The fund is managed by a dedicated and experienced team which consists of four portfolio managers with 21 years average experience together with nine regional research analysts with 10 years average experience, based in Hong Kong. Elina Fung is the lead manager of the HSBC Global Investment Funds (GIF) Asia ex Japan Equity Smaller Companies Fund while Husan Pai and Alex Kwan co-manage the fund. The core equity research team in Hong Kong is also supported by a regional network of 62 analysts and portfolio managers that spread across five country-specific teams in Asia. The Asia ex Japan investment team was responsible for managing around USD 18.2 billion asset under management (AUM) in regional equity portfolios as at 31 March 2013.

HSBC credentials

HSBC Global Asset Management is HSBC's dedicated investment business. It is a multi-specialist asset management firm offering broad, highly diverse strategies and as at end March 2014, manages over USD 439.4 billion in assets for institutional and individual investors around the world. Along with a strong global presence as well as extensive local knowledge and expertise, HSBC Global Asset Management is a leader in emerging markets asset management.

What are some of the risks# when investing in this fund?

- ▶ **Exchange rate risk** – Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations.
- ▶ **Emerging market risk** – Emerging economies typically exhibit higher levels of investment risk. Markets are not always well regulated or efficient and investments can be affected by reduced liquidity.

Source: HSBC Global Asset Management, data as at 31 May 2014. For illustrative purposes only and does not constitute any investment recommendation.
#For a full list of risks, please read the Full Prospectus.

Fund details²

Launch date	21 November 1997
Class AD	
Fund size	USD186.52 million
Base currency	USD
Minimum investment*	USD1,000 / EUR1,000 / SGD1,000
Initial charge	Up to 5.25%
Management fee	1.50% per annum
Subscription mode	Cash / SRS
Dealing	Daily
ISIN code (Base currency only)	LU0082770016
Class AD	
Bloomberg ticker	HSBASOI LX
Class AD	
Financial Year End	31 March
Dividend (31/7/2013)**	USD0.359739 per unit

²HSBC Global Asset Management, data as at 31 May 2014

*Initial minimum subscription may vary across different distributors.

**Dividend of the Fund is not guaranteed and is subject to Fund manager's discretion.

Please refer to the offering document for details of other fees.

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Investment involves risk. The past performance of any fund and the manager and any economic and market trends/forecasts are not necessarily indicative of the future or likely performance of the fund. The value of investments and units may go down as well as up, and the investor may not get back the original sum invested. Investors and potential investors should read the Singapore prospectus (including the risk warnings) which is available at HSBC Global Asset Management (Singapore) Limited or its authorised distributors, before investing. Changes in rates of currency exchange may affect significantly the value of the investment.

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