

# HSBC OpenFunds

Annual Short Report

**15 April 2013**

# Important Notes

This Annual Report covers the period 16 April 2012 to 15 April 2013.

Investments in stocks and shares can go down as well as up. This can affect the price of shares within open-ended investment companies and the income from them.

Past performance should not be seen as a reliable indication of future returns.

Your holding in an open-ended investment company must be regarded as a medium to long-term investment; this means for at least five years.

Where Funds hold investments in smaller companies it should be noted that by their nature these companies are generally new to the market and may therefore be subject to significant price movements. They may also be difficult for the Fund Manager to buy and sell.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

The long-term nature of investment in property and the income generated tend to make this type of investment less volatile than equities although it can be difficult to buy and/ or sell quickly. Where the underlying Funds invest directly in property, the property in the Fund may not be readily realisable, and the Manager of the Fund may apply a deferral on redemption requests. The value of property is generally a matter of the valuer's opinion rather than fact. Listed property securities are part of the equity market and are more volatile than direct (unlisted) property, which can mean that the price of shares and the income from them can fluctuate, sometimes dramatically.

Please note that any reference to "Fund" or "Funds" means a sub fund of the Company.

## Contact Details

### Company

HSBC OpenFunds - Registered in England with Company Number IC000488

### Registered Office

8 Canada Square, London E14 5HQ

### Authorised Corporate Director (ACD) and Head Office

HSBC Global Asset Management (UK) Limited, 78 St James's Street, London SW1A 1EJ

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Management Association.

### Registrar

(delegated to HSBC Bank plc)

HSBC Global Asset Management (UK) Limited, Frobisher House, Nelson Gate Commercial Road, Southampton SO15 9DF

Telephone

0800 181 890 (Professional Advisers)†

0800 289 505 (Direct Investors)†

0845 745 6123 (Investors)\*

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†Lines are open Monday to Friday from 9am to 5pm, excluding public holidays.

\*Lines are open Monday to Friday from 8am to 6pm, excluding public holidays.

### Administrator (Postal address)

PO Box 6189, Coventry CV3 9HS

### Auditor

KPMG Audit Plc, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG

### Depository

State Street Trustees Limited, 525 Ferry Road, Edinburgh EH5 2AW  
Authorised and regulated by the Financial Conduct Authority.

### Website

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

**There are risks involved in investing in HSBC OpenFunds. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) for further details.**

**The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 April 2013. Both law and practice may of course change.**

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## Changes to the Scheme

### Directors (Management and Administration)

The Director information has been amended to reflect the following:-  
 Appointed as Directors of HSBC Global Asset Management (UK) Limited  
 S. Chandrasekharan - 20 September 2012  
 A. Clark - 3 December 2012  
 J. Ellerby - 3 December 2012  
 Resigned as a Director of HSBC Global Asset Management (UK) Limited  
 S.T. Brown - 3 December 2012

### Buying Shares

We have updated the Prospectus to make clear that we may reject applications from residents in countries where the investor is not eligible to hold Shares under the terms of the Prospectus; where we may break a law, regulation, code, court order or other duty; or where we become aware or have reason to believe the investor is resident in, or connected to a country, into which we are not permitted to distribute or offer the Shares.

We have also made an amendment to clarify that we may delay issuing Shares or updating their Register until payment for the Shares has been received and cleared.

### Fees and Expenses

The Income C and Accumulation C share classes are now offered to all Funds in the OEIC.

The Annual Management Charge (AMC) applied to the Retail Income and Retail Accumulation Share Classes for the World Index Cautious Portfolio, World Index Balanced Portfolio and World Index Dynamic Portfolio was reduced on 1 November 2012 from 1% to 0.95% AMC.

The AMC applied to the Retail X Income and Retail X Accumulation share classes for the World Index Cautious Portfolio, World Index Balanced Portfolio and World Index Dynamic Portfolio was reduced on 1 November 2012 from 0.50% to 0.45%.

# Open Global Distribution Fund

## Investment Objective

To provide a high level of income by investing in a broad range of asset classes, across global markets.

## Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, higher-yielding equities, property, commodities and derivatives.

## Investment Strategy

The Fund's strategy is to provide positive absolute returns for investors by maintaining exposure consistently to a diverse set of asset classes including, global or regional equities, where the managers typically have an absolute return mentality, sovereign developed markets, corporate, high yield and emerging market bonds, property, commodities and cash.

## Risk Profile

Income offered by bonds often reflects, in part, the risk rating of the issuer. The underlying funds can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry an increased risk of default on repayment. This may affect the level of income received and/or the capital value of the investment.

## Portfolio Activity

During the period the Fund delivered a positive double-digit total return. During Q1 2013 and for much of 2012, risk assets such as equities, high yield bonds, emerging market bonds and corporate bonds maintained relative strength and continued to perform strongly against defensive sectors, such as government bonds and hedge funds. We maintained a tactical overweight towards equities on the basis that long-term valuation remained supportive. Our core scenario on bond markets is one of modestly rising yields while our view on industrial commodities is they remain unattractive. Absolute return strategies suffered as a result of technical headwinds.

The strategic asset allocation was reviewed and changes implemented at the end of January 2013. The review led to a modest increase in the Fund's equity exposure and the introduction of new asset classes, such as emerging market debt both in local currency and those linked to the US dollar. Conversely, the Fund's exposure to global high yield bonds and UK corporate bonds was reduced.

The Fund's overall performance was slightly ahead of the Fund's internal reference benchmark whilst outperforming its peer group. The allocation to equities added to performance whilst fund selection, including Henderson Asian Dividend Income Fund, Prusik Asian Equity Income Fund and Invesco Perpetual European Equity Income Fund were notable contributors to performance. The progressive reduction and fund selection within high yield bonds proved beneficial. Meanwhile, the commodities sector was a material negative. The exposure to the listed property sector, through the HSBC ISF MultiAlpha Global Real Estate Equity Fund, delivered positive returns. In addition the move to build an exposure in the infrastructure sector also proved beneficial in an environment of good underlying fundamentals and yield generation.

In terms of activity, major purchases included: Invesco Perpetual European Income Fund, Prusik Asian Equity Income Fund and Stone Harbor Emerging Market Debt Local Currency Fund.

Significant individual sales included: Threadneedle High Yield Bond Fund, Neptune Income Fund and Absolute Insight Currency Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	0.829023p	1.068920p
15.6.12	0.777115p	0.973133p
15.3.13	1.080000p	1.390000p
15.3.12	1.150000p	1.420000p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	105.3p	94.92p
Retail Accumulation	136.9p	118.6p

## Fund Facts

*XD dates:* 16 April, 16 July, 16 October, 16 January

*Distribution payment dates:* 15 June, 15 September, 15 December, 15 March

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 2.04%

As at 15.4.12 - 2.05%\*

The OCFs above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.

## Performance Record

### Percentage Change

**6 months**  
8.65

**1 year**  
15.43

**3 years**  
23.44

**5 years**  
35.28

**Since launch\***  
36.90

\*The Fund was launched on 9.11.06 at 100p and first priced on 1.12.06.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Sterling Bond Fund	11.81
+HSBC ISF MultiAlpha Global High Yield Bond Fund	8.64
Newton Global Higher Income Fund	8.27
Fidelity MoneyBuilder Dividend Fund	6.57
Schroder Income Maximiser Fund	5.58
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Sterling Bond Fund	13.24
Newton Global Higher Income Fund	8.80
+HSBC ISF MultiAlpha Global High Yield Bond Fund	7.94
Schroder Income Maximiser Fund	7.04
Fidelity Income Plus Fund	5.85
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
UK Corporate Bonds	19.59	22.19
UK Equities	15.11	15.91
Global High Yield Bonds	8.64	10.37
Global Equities	8.27	8.80
Global Emerging Markets Debt	8.18	5.94
Asia-Pacific (excluding Japan) Equities	6.66	4.04
Direct Property Funds	6.02	5.70
Infrastructure	5.79	3.76
European Equities	5.06	3.80
Global Property Equities Funds	4.18	3.92
Commodities	2.95	3.90
US Equities	2.09	1.95
Absolute Return	1.83	2.95
Global Government Bonds	1.83	2.06
Global Aggregate Bonds	1.15	1.31
Money Market	0.90	1.14
Forward Foreign Exchange Contracts	(0.02)	0.07
Net other assets	1.77	2.19

# Open Global Property Fund

## Investment Objective

To provide long-term capital growth.

## Investment Policy

The Fund predominantly invests in property securities and property related securities and collective investment schemes that, in turn, invest directly or indirectly in property, unlisted property and listed property securities. There are no geographical restrictions.

## Investment Strategy

The balance between direct property funds, listed property funds and cash, and the geographic composition of the portfolio, will vary over time depending on our view of prospective risk-adjusted returns.

## Risk Profile

The Fund invests in physical property funds which are less liquid than other types of funds such as equity or bond funds. It is a specialist sector which could be adversely effected by changing market conditions. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

During the 12 months to 15 April 2013, the Fund's Retail Accumulation share class achieved a total return of 16.77%.

In the expectation that UK direct property performance would remain at subdued levels, with marginally positive total returns driven by income, the Manager reduced the allocation to UK direct property funds to 24.5%, compared with 38.2% a year earlier. Units in the Henderson UK Property Fund and the SWIP Property Trust were sold.

This reduction in weighting was offset by increases in two main areas. First, the Manager invested in the Aviva Investors Asia Pacific Property Fund in July 2012. The Fund provides exposure to mature direct real estate markets across the Asia Pacific region. Second, the Manager increased the weighting to listed property securities funds from 59.3% at the start of the review period to 64.3% on 15 April 2013.

Two other new funds were added to the portfolio during the reporting period. First, an allocation was made to the Brookfield US Listed Fund in November 2012. This fund is managed by an experienced team based in Chicago, US and provides part of the Fund's exposure to the world's largest listed real estate market. Second, an allocation was made to the Ignis UK Property Fund, which is a large direct property fund with an average lease length above its peers and a bias towards London and the south-east of England, which is seen as beneficial in the current environment.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	1.092776p	1.158476p
15.6.12	0.323024p	0.342528p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	120.8p	104.7p
Retail Accumulation	128.8p	110.3p

## Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 2.05%

As at 15.4.12 - 2.20%\*

The OCFs above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.

## Performance Record

### Percentage Change

#### 6 months

12.59

#### 1 year

16.77

#### 3 years

23.02

#### 5 years

32.10

#### Since launch\*

28.80

\*The Fund was launched on 26.11.07 at 100p and first priced on 28.11.07.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Global Real Estate Fund	12.73
Schroder ISF Asia Pacific Property Fund	11.62
Schroder Global Property Securities Fund	9.52
Aviva Investors Asia Pacific Property Fund	6.81
Neuberger Berman US Real Estate Fund	6.75
Henderson UK Property Fund	6.67
M&G Property Portfolio Fund	6.32
iShares FTSE US Property Yield Fund	6.06
Legal & General UK Property Trust	5.91
+HICL Infrastructure	5.21
TR Property Investment Trust	5.07
+related party	

Holding	% of Fund value as at 15.4.12
Henderson UK Property Fund	12.65
+HSBC ISF MultiAlpha Global Real Estate Fund	11.87
iShares FTSE US Property Yield Fund	11.80
Schroder Global Property Securities Fund	10.09
M&G Property Portfolio Fund	9.29
Legal & General UK Property Trust	9.15
Schroder ISF Asia Pacific Property Fund	9.10
SWIP Property Trust	7.07
+HICL Infrastructure	5.37
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
Direct Property Funds	31.32	38.16
Global Property Equities Funds	22.25	21.96
Asian Property Equities Funds	11.62	9.10
US Property Securities Funds	16.21	16.35
European (including UK) Property Equities Funds	14.19	11.88
Net other assets Funds	4.41	2.55

# Open Global Return Fund

## Investment Objective

To provide capital growth and income by investing in a broad range of asset classes across global markets.

## Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

## Investment Strategy

To derive positive absolute returns for investors over the medium to longer-term by maintaining exposure consistently to a diverse set of asset classes including, global, regional and thematic equities, sovereign developed markets, corporate, high yield and emerging market bonds, property, commodities and a diverse set of absolute return strategies and cash.

## Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

During the period the Fund delivered a positive double-digit total return. During Q1 2013 and for much of 2012, risk assets such as equities, high yield bonds, emerging market bonds and corporate bonds maintained relative strength and continued to perform strongly against defensive sectors, such as government bonds and hedge funds. We maintained a tactical overweight towards equities on the basis that long-term valuation remained supportive. Our core scenario on bond markets is one of modestly rising yields while our view on industrial commodities is they remain unattractive. Absolute return strategies suffered as a result of technical headwinds.

The strategic asset allocation (SAA) was reviewed and changes implemented at the end of January 2013. The review led to a modest increase in the Fund's equity exposure and the introduction of new asset classes, such as emerging market debt both in local and those linked to the US dollar. Conversely the Fund's exposure to the absolute return and global commodities sectors were reduced.

The Fund's overall performance was broadly in line with the Fund's internal reference benchmark although it lagged the peer group. The positive contribution from the overweight allocation to global high yield bonds was offset by the underweight to global aggregate bonds, principally sovereign bonds. Fund selection across global high yield and UK corporate bonds contributed positively, the HSBC MultiAlpha Global High Yield Bond Fund, Invesco Corporate Bond Fund and M&G Optimal Income Fund. Longview Global Equity Fund, Imara African Opportunities Fund, Polar Capital Japan Fund, Polar Capital Healthcare Opportunities Fund and Majedie Tortoise Fund also delivered positive returns. Conversely Polar Capital Global Technology Fund and Artemis Global Energy Fund proved negative. Given absolute return holdings represented 20% of the strategic allocation prior to the SAA change, this exposure was one of the principle reasons for the Fund to lag its peers in 2012.

In terms of activity, major purchases included: Longview Global Equity Fund, Prusik Asian Equity Income Fund and Schroder European Alpha Plus Fund.

Significant individual sales included: BlackRock Gold & General Fund, Absolute Insight Currency fund, BlackRock UK Absolute Alpha Fund, HSBC MultiAlpha Global High Yield Fund and ETFS Physical Gold Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	0.277564p	0.281398p
15.6.12	0.215784p	0.237094p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	134.0p	121.1p
Retail Accumulation	137.4p	123.6p

## Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 2.28%

As at 15.4.12 - 2.35%\*

The OCFs above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.



## Performance Record

### Percentage Change

**6 months**  
8.19

**1 year**  
11.17

**3 years**  
18.14

**5 years**  
28.77

**Since launch\***  
37.40

\*The Fund was launched on 9.11.06 at 100p and first priced on 1.12.06. Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns. Performance is cumulative over the period to 15 April 2013. (Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Global Equity Fund	8.65
+HSBC ISF MultiAlpha Global Real Estate Equity Fund	5.95
+HSBC ISF MultiAlpha Global High Yield Bond Fund	5.83
Longview Partners Global Equities Fund	3.74
Newton Global Higher Income Fund	3.72
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Global High Yield Bond Fund	8.09
+HSBC ISF MultiAlpha Global Equity Fund	7.64
Newton Global Higher Income Fund	5.47
+HSBC ISF MultiAlpha Global Real Estate Equity Fund	5.26
ETFS Physical Gold	3.93
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
Global Equities	25.73	25.39
Absolute Return	14.12	21.83
Global Emerging Markets Debt	7.44	2.84
Global Emerging Markets Equities	7.15	6.19
Global Property Equities Funds	5.95	5.26
Global High Yield Bonds	5.83	8.09
UK Corporate Bonds	4.71	5.68
Direct Property Funds	3.90	3.06
Commodities	3.15	3.57
Global Government Bonds	2.71	2.50
Japanese Equities	2.35	1.89
European Equities	2.34	-
Asia-Pacific (excluding Japan) Equities	2.01	-
UK Equities	2.01	-
Gold	1.71	6.24
Global Aggregate Bonds	1.63	1.64
Infrastructure	1.22	-
Money Market	-	0.74
Russian Equities	-	0.66
Forward Foreign Exchange Contracts	(0.05)	0.11
Net other assets	6.09	4.31

## World Selection - Balanced Portfolio

### Investment Objective

To provide capital growth through balanced investment in a broad range of asset classes across global markets.

### Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

### Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

### Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

### Portfolio Activity

Within the World Selection - Balanced Portfolio asset class allocations, the Fund retained its bias towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, we continue to favour US and UK equity markets over their developed market equivalents. In May 2012, the overweight allocation towards European equities was reduced to a slight underweight versus its long-term target weight given the ongoing uncertainty in the eurozone. The position was then increased to neutral, and then overweight, after significant policy progress and improvement in market sentiment in Europe. Within the emerging market equity segment, the tactical position towards Russian equities was closed in September, reducing the exposure to be in line with other emerging markets.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues, albeit with a reduced allocation. In June, the Fund introduced an allocation to emerging market debt (in local currency) whilst reducing the exposures to the global aggregate bond and UK gilt segments.

In terms of activity, major purchases included: Jupiter UK Special Situations Fund, BlackRock UK Special Situations Fund and Standard Life Investments UK Equity Unconstrained Fund.

Significant sales included: HSBC UK Growth & Income Fund, HSBC MSCI Emerging Markets Fund and HSBC UK Gilt Index Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

### Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	0.273187p	0.272733p
15.6.12	0.132737p	0.130619p

### Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	143.1p	126.2p
Retail Accumulation	146.3p	128.0p

### Fund Facts

XD dates: 16 April, 16 October

Distribution payment dates: 15 June, 15 December

### Ongoing Charges Figure (OCF)

As at 15.4.13 - 1.92%

As at 15.4.12 - 1.89%\*

The OCFs above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.

## Performance Record

## Percentage Change

## 6 months

12.11

## 1 year

14.30

## 3 years

20.11

## Since launch\*

46.30

\*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

## Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Europe Equity Fund	14.79
+HSBC ISF MultiAlpha North America Equity Fund	11.38
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	10.75
+HSBC ISF MultiAlpha Japan Equity Fund	8.70
+HSBC American Index Fund	5.84
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Europe Equity Fund	14.30
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	11.89
+HSBC ISF MultiAlpha North America Equity Fund	11.22
+HSBC ISF MultiAlpha Japan Equity Fund	8.26
+HSBC UK Growth & Income Fund	7.95
+HSBC UK Gilt Index Fund	6.59
+related party	

## Investment Allocation

	15.4.13 %	15.4.12 %
US Equities	17.22	16.04
UK Equities	15.40	13.62
European Equities	14.79	14.30
Global Aggregate Bonds	10.75	11.89
Japanese Equities	8.70	8.26
Global Emerging Markets Bonds	7.00	2.98
UK Government Bonds	6.77	11.01
Global Emerging Markets Equities	4.60	5.69
Asian Pacific (excluding Japan) Equities	3.47	2.49
Global High Yield Bonds	2.87	3.83
Global Property Equities Funds	2.01	1.42
Commodities	1.49	2.87
Direct Property Funds	1.14	0.75
Hedge Funds	0.99	2.04
Absolute Return	0.65	1.26
Private Equity	0.55	0.50
Russian Equities	-	0.63
Forward Foreign Exchange Contracts	(0.28)	-
Net other assets	1.88	0.42

## World Selection - Cautious Portfolio

### Investment Objective

To provide capital growth through cautious investment in a broad range of asset classes, across global markets.

### Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

### Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

### Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

### Portfolio Activity

Within the World Selection - Cautious Portfolio asset class allocations, the Fund retained its bias towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, we continue to favour US and UK equity markets over their developed market equivalents. In May 2012, the overweight allocation towards European equities was reduced to a slight underweight versus its long-term target weight given the ongoing uncertainty in the eurozone. The position was then increased to neutral, and then overweight, after significant policy progress and improvement in market sentiment in Europe.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues, albeit with a reduced allocation. In June, the Fund introduced an allocation to emerging market debt (in local currency) whilst reducing the exposures to the global aggregate bond and UK gilt segments.

In terms of activity, major purchases included: Stone Harbor Emerging Markets Local Currency Debt Fund, Jupiter UK Special Situations Fund and BNY Mellon Emerging Markets Local Currency Debt Fund.

Significant sales included: HSBC UK Gilt Index Fund, HSBC UK Growth & Income Fund and HSBC International Select MultiAlpha Global Aggregate Bond Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

### Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	0.449447p	0.467290p
15.6.12	0.380231p	0.387869p

### Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	122.8p	113.4p
Retail Accumulation	126.4p	115.8p

### Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

### Ongoing Charges Figure (OCF)

As at 15.4.13 - 1.86%

As at 15.4.12 - 1.84%\*

The OCFs above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.

## Performance Record

## Percentage Change

## 6 months

6.04

## 1 year

9.15

## 3 years

17.58

## Since launch\*

26.40

\*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

## Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	25.93
+HSBC UK Gilt Index Fund	11.42
Allianz PIMCO Gilt Yield Fund	10.98
+HSBC ISF MultiAlpha Europe Equity Fund	7.05
+HSBC ISF MultiAlpha North America Equity Fund	5.28
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	27.40
+HSBC UK Gilt Index Fund	16.21
Allianz PIMCO Gilt Yield Fund	10.89
+HSBC ISF MultiAlpha Europe Equity Fund	6.40
+HSBC ISF MultiAlpha North America Equity Fund	4.60
+related party	

## Investment Allocation

	15.4.13 %	15.4.12 %
Global Aggregate Bonds	25.93	27.40
UK Government Bonds	22.40	27.10
US Equities	8.17	6.57
European Equities	7.05	6.40
Global Emerging Markets Debt	6.84	1.98
UK Equities	5.65	4.80
Absolute Return	4.26	3.81
Money Market	3.30	2.94
Japanese Equities	3.09	2.88
Global High Yield Bonds	2.75	3.37
Hedge Funds	2.24	3.69
Global Property Equities Funds	1.91	1.31
Commodities	1.48	2.49
Direct Property Funds	1.28	0.85
Asia-Pacific (excluding Japan) Equities	1.23	0.73
Global Emerging Markets Equities	0.78	1.55
Private Equity	0.60	0.52
Forward Foreign Exchange Contracts	(0.10)	-
Net other assets	1.14	1.61

# World Selection - Dynamic Portfolio

## Investment Objective

To provide capital growth through dynamic investment in a broad range of asset classes across global markets.

## Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

## Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

## Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

Within the World Selection - Dynamic Portfolio asset class allocations, the Fund retained its bias towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, we continue to favour US and UK equity markets over their developed market equivalents. In May 2012, the overweight allocation towards European equities was reduced to a slight underweight versus its long-term target weight given the ongoing uncertainty in the eurozone. The position was then increased to neutral, and then overweight, after significant policy progress and improvement in market sentiment in Europe. Within the emerging market equity segment, the tactical position towards Russian equities was closed in September, reducing the exposure to be in line with other emerging markets.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues, albeit with a reduced allocation. In June, the Fund introduced an allocation to emerging market debt (in local currency) whilst reducing the exposures to the global aggregate bond and UK gilt segments.

The Fund increased its overweight position in property whilst tactically reducing the overweight allocation to hedge funds segment.

In terms of activity, major purchases included: Jupiter UK Special Situations Fund, BlackRock UK Special Situations Fund and Standard Life Investments UK Equity Unconstrained Fund.

Significant sales included: HSBC UK Growth & Income Fund, HSBC MSCI Emerging Markets Fund and HSBC ISF MultiAlpha Europe Equity Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	0.069630p	0.070569p
15.6.12	0.000000p	0.000000p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	150.7p	131.5p
Retail Accumulation	153.2p	132.6p

## Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 1.97%

As at 15.4.12 - 1.94%\*

The OCFs shown above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.

## Performance Record

### Percentage Change

#### 6 months

13.57

#### 1 year

15.54

#### 3 years

18.67

#### Since launch\*

53.20

\*The Fund was launched on 2.1.09 at 100p and first priced on 22.1.09.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Europe Equity Fund	19.04
+HSBC ISF MultiAlpha North America Equity Fund	12.96
+HSBC ISF MultiAlpha Global Emerging Markets Equity Fund	7.58
+HSBC ISF MultiAlpha Japan Equity Fund	7.58
+HSBC ISF MultiAlpha Asia Pacific Ex Japan Equity Fund	6.71
+HSBC American Index Fund	6.65
+HSBC FTSE All-Share Index Fund	5.27
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Europe Equity Fund	18.68
+HSBC ISF MultiAlpha North America Equity Fund	13.06
+HSBC UK Growth & Income Fund	9.19
+HSBC ISF MultiAlpha Japan Equity Fund	7.14
+HSBC ISF MultiAlpha Global Emerging Markets Equity Fund	6.76
+HSBC ISF MultiAlpha Asia Pacific Ex Japan Equity Fund	5.80
+HSBC American Index Fund	5.61
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
US Equities	19.61	18.67
European Equities	19.04	18.68
UK Equities	17.76	15.73
Global Emerging Markets Equities	9.54	10.73
Japanese Equities	7.58	7.14
Asian (excluding Japan) Equities	6.71	5.80
Global Emerging Markets Debt	5.09	3.26
Global High Yield Bonds	4.22	5.14
Global Property Equities Funds	2.88	2.17
Direct Property Funds	1.93	1.32
Global Aggregate Bonds	1.51	1.87
Commodities	1.50	2.84
Private Equity	1.34	1.36
Hedge Funds	0.17	1.42
Russian Equities	-	1.20
UK Government Bonds	-	1.99
Forward Foreign Exchange Contracts	(0.27)	0.01
Net other assets	1.39	0.67



## World Selection - Income Portfolio

### Investment Objective

To provide income through cautious investment in a broad range of asset classes across global markets.

### Investment Policy

To invest primarily in collective investment schemes that in turn invest in fixed income securities, equities, property, commodities and derivatives.

### Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Manager uses a complex quantitative investment process with a qualitative overlay to identify the optimal portfolio construction.

### Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

### Portfolio Activity

Within the World Selection - Income Portfolio asset class allocations, the Fund retained its bias towards riskier-asset classes, such as equities and global high yield bonds over the reporting period. Within equities, we maintained overweight positions in both the UK and global equity markets.

In the fixed income sector of the portfolio, the Fund continued to favour riskier segments principally at the expense of global developed government bonds by maintaining an overall overweight to global high yield issues, albeit with a reduced allocation. In June, the Fund introduced an allocation to emerging market debt (in local currency) whilst reducing the exposures to the UK corporate bond segments.

Major purchases and additions included: Cazenove UK Equity Income Fund and Neuberger Berman Global Floating Rate Income Fund and Fidelity Investment Funds ICVC MoneyBuilder Dividend Fund.

Significant sales and reductions included: Invesco Perpetual Corporate Bond Income Fund, HSBC Income Fund and M&G Corporate Bond Fund.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

### Distribution

Date paid/ payable	Distribution rate Retail Income shares	Distribution rate Retail Accumulation shares
15.6.13	1.112063p	1.215901p
15.6.12	0.822817p	0.867622p
15.3.13	1.010000p	1.090000p
15.3.12	1.050000p	1.100000p

### Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail Income	111.9p	103.2p
Retail Accumulation	122.3p	108.9p

### Fund Facts

*XD dates:* 16 April, 16 July, 16 October, 16 January

*Distribution payment dates:* 15 June, 15 September, 15 December, 15 March

### Ongoing Charges Figure (OCF)

As at 15.4.13 - 1.85%

As at 15.4.12 - 1.85%\*

The OCFs shown above are calculated on the Retail Accumulation share class.

\*Total expense ratio as at 15 April 2012.



## Performance Record

### Percentage Change

#### 6 months

6.53

#### 1 year

12.30

#### Since launch\*

22.30

\*The Fund was launched on 5.7.10 at 100p and first priced on 28.7.10.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, income reinvested for the Retail Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC ISF MultiAlpha Sterling Bond Fund	15.37
Newton Global Higher Income Fund	9.32
+HSBC ISF MultiAlpha Global High Yield Bond Fund	8.47
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	5.45
M&G Corporate Bond Fund	5.31
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC ISF MultiAlpha Sterling Bond Fund	18.09
+HSBC Income Fund	9.55
M&G Corporate Bond Fund	9.01
Invesco Perpetual Corporate Bond Fund	8.99
+HSBC ISF MultiAlpha Global High Yield Bond Fund	8.92
Newton Global Higher Income Fund	8.30
+HSBC UK Gilt Index Fund	6.84
+HSBC ISF MultiAlpha Global Aggregate Bond Fund	5.78
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
UK Corporate Bonds	27.96	36.09
UK Equities	12.89	11.91
Global High Yield Bonds	9.96	10.49
UK Government Bonds	9.57	11.44
Global Emerging Markets Bonds	9.47	5.21
Global Aggregate Bonds	9.41	5.78
Global Equities	9.32	8.30
Infrastructure	6.01	6.09
Direct Property Funds	2.94	2.75
Global Property Equities Funds	1.02	0.70
Net other assets	1.45	1.24

# World Index Balanced Portfolio

## Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets.

## Investment Policy

To invest primarily in collective investment schemes and exchange traded funds that aim to match the returns of market indices.

## Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

## Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

After a largely positive start to 2012, global equity markets began to wane at the beginning of the reporting period following the weak outlook for global growth and the eurozone debt crisis, which both weighed on investor sentiment. Global markets remained cautious during the second half of 2012, with the period predominately focused on the ongoing discussions by US politicians to reach an agreement on the US fiscal budget before the 31 December deadline, whilst a majority of the developed markets implemented austerity measures. Meanwhile in Europe, market sentiment improved in regards to the significant progress made by European leaders to stabilise the eurozone sovereign debt situation. Over the first quarter of 2013, equity markets were broadly positive across most developed equity markets, initially supported by the avoidance of the US budget 'fiscal cliff'. The Japanese and US markets led the way, supported by expectations of additional monetary policy in Japan and better-than-expected economic data releases in the US, respectively. Meanwhile, Chinese markets lagged on concerns of government tightening measures and the possible outbreak of bird flu. Elsewhere, peripheral European markets were affected by the Cyprian government's request for financial assistance which led to renewed concerns surrounding the stability of the eurozone's banking system.

Major purchases over the year included: Treasury 3.75% 7/9/2020, HSBC FTSE All-Share Index Fund and SPDR Barclays Capital Emerging Markets Local Bond ETF.

Significant sales included: Treasury 3.75% 7/9/2019, Treasury 8% 7/12/2015 and Treasury 4.5% 7/3/2013.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.6.13	0.539775p	0.541600p
15.6.12	0.271232p	0.304829p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail X Income	117.8p	106.4p
Retail X Accumulation	119.4p	106.4p

## Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 0.99%

As at 15.4.12 - 0.93%\*

The OCFs shown above are calculated on the Retail X Accumulation share class.

\*Total expense ratio as at 15 April 2012.

The retail and retail X classes on World Index Balanced Portfolio Fund have an AMC of 0.95% and 0.45% respectively. This change occurred on 1 November 2012 and as a result the annual charge on the accounts is higher than the ongoing charge.

## Performance Record

### Percentage Change

#### 6 months

9.84

#### 1 year

12.22

#### Since launch\*

19.40

\*The Fund was launched on 17.10.11 at 100p and first priced on 18.11.11.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail X Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC American Index Fund	12.36
+HSBC FTSE All-Share Index Fund	12.05
+HSBC European Index Fund	10.96
+HSBC MSCI Emerging Markets Fund	8.12
+HSBC Japan Index Fund	6.34
+related party	

Holding	% of Fund value as at 15.4.12
+HSBC FTSE All-Share Index Fund	12.21
+HSBC American Index Fund	12.16
+HSBC European Index Fund	10.59
+HSBC MSCI Emerging Markets Fund	8.31
+HSBC Japan Index Fund	5.79
UK Treasury 3.75% 7/9/2019	5.10
+related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
UK Government Bonds	14.00	16.25
North American Equities	12.36	12.16
UK Equities	12.05	12.21
European (excluding UK) Equities	10.96	10.59
Global Emerging Markets Equities	8.12	8.30
Global Emerging Markets Debt	6.51	3.48
Japanese Equities	6.34	5.79
US Government Bonds	5.79	7.04
Commodities	4.23	4.42
Direct Property Funds	3.62	3.59
UK Corporate Bonds	3.47	3.34
Asia-Pacific (excluding Japan) Equities	3.21	3.31
Global High Yield Bonds	3.13	3.15
European Corporate Bonds	1.22	1.31
Private Equity	1.09	-
Global Equities	-	1.06
Forward Foreign Exchange Contracts	(0.24)	-
Net other assets	4.14	4.00

# World Index Cautious Portfolio

## Investment Objective

To provide capital growth through cautious investment in a broad range of asset classes across global markets, with a bias towards fixed interest securities.

## Investment Policy

To invest mainly in collective investment schemes, exchange traded funds and, where appropriate, direct investment into certain other assets.

## Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

## Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

After a largely positive start to 2012, global equity markets began to wane at the beginning of the reporting period following the weak outlook for global growth and the eurozone debt crisis, which both weighed on investor sentiment. Global markets remained cautious during the second half of 2012, with the period predominately focused on the ongoing discussions by US politicians to reach an agreement on the US fiscal budget before the 31 December deadline, whilst a majority of the developed markets implemented austerity measures. Meanwhile in Europe, market sentiment improved in regards to the significant progress made by European leaders to stabilise the eurozone sovereign debt situation. Over the first quarter of 2013, equity markets were broadly positive across most developed equity markets, initially supported by the avoidance of the US budget 'fiscal cliff'. The Japanese and US markets led the way, supported by expectations of additional monetary policy in Japan and better-than-expected economic data releases in the US, respectively. Meanwhile, Chinese markets lagged on concerns of government tightening measures and the possible outbreak of bird flu. Elsewhere, peripheral European markets were affected by the Cyprian government's request for financial assistance which led to renewed concerns surrounding the stability of the eurozone's banking system.

Major purchases over the year included: Treasury 3.75% 7/9/2020, US Treasury 2.25% 31/1/2015 and Treasury 2% 22/1/2016.

Significant sales included: Treasury 3.75% 7/9/2019, US Treasury 1.25% 15/3/2014 and Treasury 8% 7/12/2015.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.6.13	0.662358p	0.677988p
15.6.12	0.537356p	0.580417p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail X Income	110.7p	104.3p
Retail X Accumulation	112.2p	104.3p

## Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 0.98%

As at 15.4.12 - 0.93%\*

The OCFs above are calculated on the Retail X Accumulation share class.

\*Total expense ratio as at 15 April 2012.

The retail and retail X classes on World Index Cautious Portfolio Fund have an AMC of 0.95% and 0.45% respectively. This change occurred on 1 November 2012 and as a result the annual charge on the accounts is higher than the ongoing charge.

## Performance Record

### Percentage Change

#### 6 months

4.66

#### 1 year

7.57

#### Since launch\*

12.20

\*The Fund was launched on 17.10.11 at 100p and first priced on 18.11.11.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail X Accumulation share class.

Returns based on the NAV, which is a single price.)

## Portfolio Information

### Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
*iShares Markit iBoxx \$ Corporate Bond	8.17
Treasury 3.75% 7/9/2020	5.96
US Treasury 2.25% 31/1/2015	5.18
+HSBC FTSE All-Share Index Fund	5.08
+HSBC American Index Fund	4.84
*offshore investment fund +related party	

Holding	% of Fund value as at 15.4.12
Treasury 3.75% 7/9/2019	8.56
*iShares Markit iBoxx \$ Corporate Bond	7.86
US Treasury 1.25% 15/3/2014	5.77
Treasury 8% 7/12/2015	5.30
+HSBC FTSE All-Share Index Fund	5.19
Treasury 4.5% 7/3/2013	5.08
*offshore investment fund + related party	

### Investment Allocation

	15.4.13 %	15.4.12 %
UK Government Bonds	30.22	33.09
US Government Bonds	17.28	18.66
UK Corporate Bonds	9.14	8.85
Global Emerging Markets Debt	6.02	2.49
UK Equities	5.08	5.19
North American Equities	4.84	4.79
European (excluding UK) Equities	4.17	4.07
European Corporate Bonds	3.19	3.48
Japanese Equities	3.06	2.65
Global High Yield Bonds	3.00	3.02
Commodities	2.73	2.83
Global Emerging Markets Equities	2.04	2.07
Direct Property Funds	1.60	1.50
Other	0.77	0.96
Net other assets	6.86	6.35

# World Index Dynamic Portfolio

## Investment Objective

To provide capital growth through investment in a broad range of asset classes across global markets, with a bias towards equities.

## Investment Policy

To invest primarily in collective investment schemes and exchange traded funds that aim to match the returns of market indices.

## Investment Strategy

The Fund follows a broadly diversified investment approach across various different asset classes primarily investing in vehicles that track an appropriate market index. Asset classes held include traditional asset classes, such as equities and fixed income, but also alternative asset classes, for example commodities, private equity and property. The Fund Manager incorporates a quantitative investment process to identify the optimal portfolio construction and periodically rebalances the portfolio.

Exposure to such asset classes may be obtained by either direct investment, where permitted to do so within the Funds' investment and borrowing powers, or through exposure by way of investing into collective investment schemes or exchange traded funds that in turn provide exposure to such asset classes.

## Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risk it faces from its financial instruments are market price and foreign currency. The Manager reviews policies for managing these risks in order to follow and aim to achieve the Investment Objective and Policy as summarised above.

## Portfolio Activity

After a largely positive start to 2012, global equity markets began to wane at the beginning of the reporting period following the weak outlook for global growth and the eurozone debt crisis, which both weighed on investor sentiment. Global markets remained cautious during the second half of 2012, with the period predominately focused on the ongoing discussions by US politicians to reach an agreement on the US fiscal budget before the 31 December deadline, whilst a majority of the developed markets implemented austerity measures. Meanwhile in Europe, market sentiment improved in regards to the significant progress made by European leaders to stabilise the eurozone sovereign debt situation. Over the first quarter of 2013, equity markets were broadly positive across most developed equity markets, initially supported by the avoidance of the US budget 'fiscal cliff'. The Japanese and US markets led the way, supported by expectations of additional monetary policy in Japan and better-than-expected economic data releases in the US, respectively. Meanwhile, Chinese markets lagged on concerns of government tightening measures and the possible outbreak of bird flu. Elsewhere, peripheral European markets were affected by the Cyprian government's request for financial assistance which led to renewed concerns surrounding the stability of the eurozone's banking system.

Major purchases over the year included: HSBC MSCI Emerging Markets Fund, HSBC FTSE All Share Index Fund and HSBC European Index Fund.

Significant sales included: Treasury 3.75% 7/9/2019, Treasury 3.75% 7/9/2020 and Treasury 4.5% 7/3/2013.

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Distribution

Date paid/ payable	Distribution rate Retail X Income shares	Distribution rate Retail X Accumulation shares
15.6.13	0.432428p	0.442747p
15.6.12	0.095766p	0.133012p

## Fund Prices

Share class	Net asset value per share as at 15.4.13	Net asset value per share as at 13.4.12
Retail X Income	119.7p	106.9p
Retail X Accumulation	121.4p	107.0p

## Fund Facts

*XD dates:* 16 April, 16 October

*Distribution payment dates:* 15 June, 15 December

## Ongoing Charges Figure (OCF)

As at 15.4.13 - 1.10%

As at 15.4.12 - 0.94%\*

The OCFs shown above are calculated on the Retail X Accumulation share class.

\*Total expense ratio as at 15 April 2012.

The retail and retail X classes on World Index Dynamic Portfolio Fund have an AMC of 0.95% and 0.45% respectively. This change occurred on 1 November 2012 and as a result the annual charge on the accounts is higher than the ongoing charge.

## Performance Record

## Percentage Change

## 6 months

10.77

## 1 year

13.46

## Since launch\*

21.40

\*The Fund was launched on 17.10.11 at 100p and first priced on 18.11.11.

Please note that the above figures refer to the past and that past performance is not a reliable indication of future returns.

Performance is cumulative over the period to 15 April 2013.

(Source: Morningstar Direct, GBP, UK net of tax, for the Retail X Accumulation share class. Returns based on the NAV, which is a single price.)

## Portfolio Information

## Major Holdings

The Fund's five largest holdings, or holdings above 5%, at the end of this year and the previous year are shown below.

Holding	% of Fund value as at 15.4.13
+HSBC European Index Fund	15.52
+HSBC FTSE All-Share Index Fund	15.51
+HSBC American Index Fund	15.19
+HSBC MSCI Emerging Markets Fund	12.45
+HSBC Pacific Index Fund	8.53
+HSBC Japan Index Fund	5.66

+related party

Holding	% of Fund value as at 15.4.12
+HSBC FTSE All-Share Index Fund	15.73
+HSBC European Index Fund	15.07
+HSBC American Index Fund	14.41
+HSBC MSCI Emerging Markets Fund	12.89
+HSBC Pacific Index Fund	8.79

+related party

## Investment Allocation

	15.4.13 %	15.4.12 %
European (excluding UK) Equities	15.52	15.07
UK Equities	15.51	15.73
North American Equities	15.19	14.41
Global Emerging Markets Equities	12.45	12.89
UK Government Bonds	10.52	12.79
Asia-Pacific (excluding Japan) Equities	8.53	8.79
Japan Equities	5.66	4.66
Global Emerging Markets Debt	4.12	2.08
Direct Property Funds	3.30	3.11
Commodities	3.15	3.29
Global High Yield Bonds	1.66	1.65
US Government Bonds	1.63	1.67
Private Equity	1.23	-
Global Equities	-	1.21
Other	0.92	1.15
Net other assets	0.61	1.50



Fund	Date	Share class	Investment income
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Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
Open Global Distribution Fund	15.6.13	Retail Income	60.83%	39.17%
	15.6.13	Retail Accumulation	60.70%	39.30%
	15.6.13	Income C	35.95%	64.05%
	15.6.13	Accumulation C	29.87%	70.13%
	15.3.13	Retail Income	59.72%	40.28%
	15.3.13	Retail Accumulation	59.64%	40.36%
	15.3.13	Income C	56.76%	43.24%
	15.3.13	Accumulation C	50.44%	49.56%
Open Global Property Fund	15.6.13	Retail Income	87.13%	12.87%
	15.6.13	Retail Accumulation	87.11%	12.89%
	15.6.13	Institutional A Income	72.24%	27.76%
	15.6.13	Income C	49.99%	50.01%
	15.6.13	Accumulation C	36.68%	63.32%
Open Global Return Fund	15.6.13	Retail Income	100.00%	0.00%
	15.6.13	Retail Accumulation	100.00%	0.00%
	15.6.13	Income C	100.00%	0.00%
	15.6.13	Accumulation C	100.00%	0.00%
World Selection - Balanced Portfolio	15.6.13	Retail Income	100.00%	0.00%
	15.6.13	Retail Accumulation	100.00%	0.00%
	15.6.13	Institutional Accumulation	100.00%	0.00%
	15.6.13	Income C	100.00%	0.00%
	15.6.13	Accumulation C	100.00%	0.00%
World Selection - Cautious Portfolio	15.6.13	Retail Income	30.11%	69.89%
	15.6.13	Retail Accumulation	29.06%	70.94%
	15.6.13	Institutional Accumulation	10.83%	89.17%
	15.6.13	Income C	0.00%	100.00%
	15.6.13	Accumulation C	0.00%	100.00%
World Selection - Dynamic Portfolio	15.6.13	Retail Income	100.00%	0.00%
	15.6.13	Retail Accumulation	100.00%	0.00%
	15.6.13	Institutional Accumulation	100.00%	0.00%
	15.6.13	Income C	100.00%	0.00%
	15.6.13	Accumulation C	100.00%	0.00%
World Selection - Income Portfolio	15.6.13	Retail Income	0.00%	100.00%
	15.6.13	Retail Accumulation	0.00%	100.00%
	15.6.13	Income C	0.00%	100.00%
	15.6.13	Accumulation C	0.00%	100.00%
	15.3.13	Retail Income	0.00%	100.00%
	15.3.13	Retail Accumulation	0.00%	100.00%
	15.3.13	Income C	0.00%	100.00%
	15.3.13	Accumulation C	0.00%	100.00%
World Index Balanced Portfolio	15.6.13	Retail Income	100.00%	0.00%
	15.6.13	Retail Accumulation	100.00%	0.00%
	15.6.13	Institutional Accumulation	33.92%	66.08%
	15.6.13	Retail X Income	67.86%	32.14%
	15.6.13	Retail X Accumulation	90.49%	9.51%
	15.6.13	Income C	100.00%	0.00%
	15.6.13	Accumulation C	100.00%	0.00%
World Index Cautious Portfolio	15.6.13	Retail Income	77.25%	22.75%
	15.6.13	Retail Accumulation	68.79%	31.21%
	15.6.13	Institutional Accumulation	31.31%	68.69%
	15.6.13	Retail X Income	45.48%	54.52%
	15.6.13	Retail X Accumulation	45.35%	54.65%
	15.6.13	Income C	59.00%	41.00%
World Index Dynamic Portfolio	15.6.13	Accumulation C	100.00%	0.00%
	15.6.13	Retail Income	100.00%	0.00%
	15.6.13	Retail Accumulation	100.00%	0.00%
	15.6.13	Institutional Accumulation	100.00%	0.00%
	15.6.13	Retail X Income	100.00%	0.00%
	15.6.13	Retail X Accumulation	100.00%	0.00%
	15.6.13	Income C	100.00%	0.00%
	15.6.13	Accumulation C	100.00%	0.00%



## Risk and Reward Profile

Fund	Rating*
Open Global Distribution Fund	4
Open Global Property Fund	5†
Open Global Return Fund	4
World Selection - Balanced Portfolio	4
World Selection - Cautious Portfolio	3
World Selection - Dynamic Portfolio	5
World Selection - Income Portfolio	3
World Index Balanced Portfolio	4
World Index Cautious Portfolio	3
World Index Dynamic Portfolio	5

**Lower risk** **Higher risk**

←—————→

Typically lower rewards      Typically higher rewards

1	2	3	4	5	6	7
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†The previous risk rating for this Fund was 6, up until February 2013.

### \*More About this Rating

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

For further information on the specific risks applicable to each Fund please visit [www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk).

## General Information

### Published Prices

The prices of shares are updated daily on the following websites:

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk) and [www.investinginfunds.org/ways-to-buy-and-sell-funds.html](http://www.investinginfunds.org/ways-to-buy-and-sell-funds.html).

Alternatively you can call our Investments Helpline on 0845 745 6123\*(Textphone 0845 766 0391).

\*To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us. Lines are open Monday to Friday from 8am to 6pm, excluding public holidays.

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### Report and Accounts

Copies of the Annual and Interim Long Form Report and Accounts are available on request to the Administrator.

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### Directors

The Authorised Corporate Director (ACD) is HSBC Global Asset Management (UK) Limited which is the sole director.

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

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### HSBC Global Asset Management (UK) Limited - Directors

S.T. Brown (resigned 3 December 2012)

S. Chandrasekharan (appointed 20 September 2012)

C.S. Cheetham

A. Clark (appointed 3 December 2012)

A.C. Corfield

J. Ellerby (appointed 3 December 2012)

E.R. Stokes

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## Quick Reference Guide to HSBC OpenFunds

Name of OEIC Fund	Open Global Distribution Fund	Open Global Property Fund	Open Global Return Fund	World Selection - Balanced Portfolio	World Selection - Cautious Portfolio
Number of distributions per year	4	2	2	2	2
Distribution dates	15 Jun 15 Sep 15 Dec 15 Mar	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000	£1,000
Authorised Corporate Director charge % †	1.25	1.25	1.25	1.25	1.25
Available as an ISA	Yes	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds				
Duplicate tax voucher*	£5 per voucher including VAT - all Funds				
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds				
European Savings Directive in scope for distributions/redemptions	N/A	N/A	N/A	N/A	N/A

\* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the Retail Price Index.

† The above information relates only to retail share classes. Other share classes may differ.

## Quick Reference Guide to HSBC OpenFunds

Name of OEIC Fund	World Selection - Dynamic Portfolio	World Selection - Income Portfolio	World Index Balanced Portfolio	World Index Cautious Portfolio	World Index Dynamic Portfolio
Number of distributions per year	2	4	2	2	2
Distribution dates	15 Jun 15 Dec	15 Jun 15 Sep 15 Dec 15 Mar	15 Jun 15 Dec	15 Jun 15 Dec	15 Jun 15 Dec
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000	£1,000
Authorised Corporate Director charge % †	1.25	1.25	0.95	0.95	0.95
Available as an ISA	Yes	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds				
Duplicate tax voucher*	£5 per voucher including VAT - all Funds				
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds				
European Savings Directive in scope for distributions/redemptions	N/A	N/A	N/A	N/A	N/A

\* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the Retail Price Index.

† The above information relates only to retail share classes. Other share classes may differ.







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**[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)**

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