

# HSBC Managed Growth Fund

Monthly report 31 January 2024 | Share class P

## Investment objective

The objective of the Fund is to achieve long-term capital growth by investing in a diversified portfolio with a bias towards global equities through direct investment and/or other collective investment schemes that the Fund may invest in.

## Main risks

- The Fund invests mainly in global equities and bonds, with a bias towards equities. The Fund may get the exposure through direct investments and/or collective investment schemes.
- Fund may have asset allocation strategy risk. The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, currency, volatility, liquidity, interest rate, tax and political risks and risks related to general equity market, emerging markets and investment in other collective investment schemes. Investors may suffer substantial loss of their investments in the Fund.
- Investors should not invest solely based on factsheet and should read the offering documents for details.

## Share Class Details

### Key metrics

NAV per Share	<b>HKD 30.82</b>
Performance 1 month	<b>-1.91%</b>
Sharpe ratio 3 years	<b>-0.36</b>

### Fund facts

UCITS V compliant	<b>No</b>
Dividend treatment	<b>Accumulating</b>
Dividend ex-date	<b>31 July 2002</b>
Dividend Amount	<b>0.140000</b>
Dealing frequency	<b>Daily</b>
Share Class Base Currency	<b>HKD</b>
Domicile	<b>Hong Kong SAR</b>
Inception date	<b>1 April 1997</b>
Fund Size	<b>HKD 1,023,111,529</b>
Managers	<b>Jimmy Choong Jessica Cheung</b>

### Fees and expenses

Minimum initial investment (HK)	<b>HKD 10,000</b>
Maximum initial charge (HK)	<b>3.000%</b>
Management fee	<b>0.750%</b>

### Codes

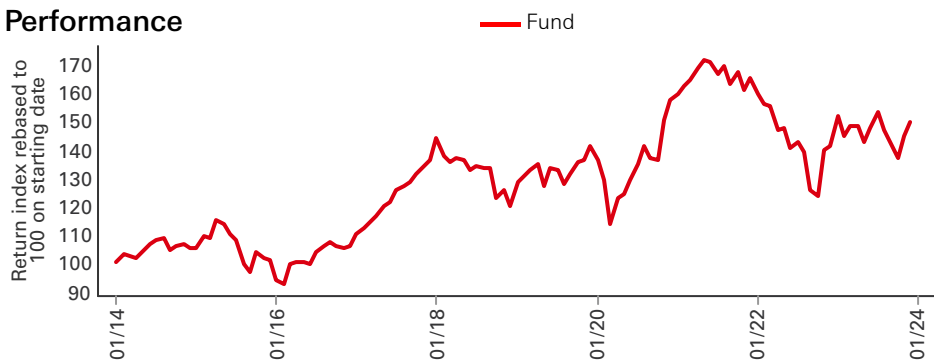
ISIN	<b>HK0000434339</b>
Bloomberg ticker	<b>HSBMNGP HK</b>

Past performance does not predict future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations. \*The fund may pay dividends out of capital or gross of expenses.

For definition of terms, please refer to the Glossary QR code.  
 Source: HSBC Asset Management, data as at 31 January 2024

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## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years
P	-1.91	-1.91	6.72	-4.46	-3.63	-8.03	14.15

Calendar year performance (%)	2019	2020	2021	2022	2023
P	17.46	11.40	4.71	-14.47	5.90

The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history. Results are cumulative

Asset allocation (%)	Actual	Target	Strategic	Overweight/Underweight between Target & Strategic Asset Allocation
Asia Pacific ex Japan HK (SAR) & mainland China Equity	15.75	10.20	12.00	-1.80
European Equity	17.45	17.00	18.00	-1.00
Hong Kong (SAR) & mainland China Equity	24.96	29.70	30.00	-0.30
India Equity	--	0.60	0.00	0.60
Indonesia Equity	--	0.80	0.00	0.80
Japanese Equity	13.41	12.60	12.00	0.60
North America Equity	18.05	16.70	18.00	-1.30
EMD Local Currency Bond	2.10	1.00	0.00	1.00
Euro Government Bond	--	1.30	0.00	1.30
Global Government Bond	8.34	3.30	7.00	-3.70
India Bond	--	1.10	0.00	1.10
China Tech	--	0.70	0.00	0.70
Energy ETF	--	0.40	0.00	0.40
Liquidity	-4.03	1.30	3.00	-1.70
US Tech	--	0.60	0.00	0.60
US Treasury	3.97	2.70	0.00	2.70

The strategic allocation is the portfolio's reference or neutral allocation set by HSBC Asset Management. The management team also adjusts target exposure higher (overweight) or lower (underweight) to an asset type - relative to the strategic asset allocation - depending on the team's current market outlook. Positive values (overweights) in the chart reflect asset types the portfolio management team have a positive outlook on. Negative values (underweights) reflect asset types the portfolio management team have a negative outlook on. The actual exposure is a screen shot of the portfolio at the end of the month based on market value in each asset type.

Top 10 Holdings	Weight (%)
Tracker Fund of Hong Kong	5.28
TENCENT HOLDINGS LTD	2.14
HSBC HOLDINGS PLC	2.10
ALIBABA GROUP HOLDING LTD	1.97
MICROSOFT CORP	1.17
CHINA CONSTRUCTION BANK-H	1.12
APPLE INC	1.11
AIA GROUP LTD	1.10
Amundi Euro Govt Bd 7-10Y ETF Acc	1.06
TAIWAN SEMICONDUCTOR CO LTD	0.93

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## Monthly performance commentary

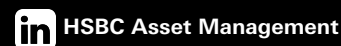
### Market overview

After strong returns in 2023, global equities had a more modest start to 2024, as all major equity markets delivered modest positive returns. Japan was the best performing equity market over the month, on the back of a weakening Japanese Yen, followed by the US, which was mostly driven by technology companies. Europe ex-UK performance was more tempered, with hot manufacturing PMIs and the central bank signalled caution on rate cuts. The UK market was held back on persistent worries of sticky inflation given wage growth remains high. By contrast, emerging market equity delivered negative returns over the month. Despite announcement of a rate cut from the People's Bank of China, Chinese equities continued their negative performance, while Brazil and South Korea also fell. Global Government Bonds were modestly negative in January as strong economic data caused markets to lose optimism about potential rate cuts this quarter. Gilts underperformed, with markets pricing a lower likelihood of near-term rate cuts from the Bank of England as UK inflation remains higher than in other developed markets. The US dollar climbed over the month on another wave of resilient labour market and economic growth data. The Euro fell against the US dollar given more hawkish comments from the Fed, while several ECB speakers left options open for earlier rate cuts. Sterling ended the month slightly lower on mixed data releases, with labour market reports weaker than expected whilst inflation numbers came in hotter.

### Asset allocation strategy and outlook

The likelihood of a soft landing for Western economies is increasing, although markets remain 'priced for perfection', and disappointment seems like a key risk. Challenging financial conditions resulting from the high interest rates continue to act as economic headwinds, particularly in Europe and the UK. Eastern economies face a more supportive growth and inflation picture, with pockets of strength across Latin America and Asia, despite China's slower economic recovery. Geopolitical tensions, regional conflicts, and global trade disruption are also headwinds for policymakers in both developed and emerging markets. Growth in the US has remained surprisingly strong, as economic activity and labour markets have proven resilient. However, we anticipate a slowdown in 2024 as consumer savings dwindle and higher interest rates impact the real economy. The Fed has abandoned its bias to hike and pivoted towards rate cuts in 2024. We expect rate cuts from Q2 2024. Growth in Europe has already started to slow, and we expect persistent disinflation will lead to the ECB following the US in delivering rate cuts. Over the longer term, we believe there is a new economic regime taking shape in Western markets, with 2% set to become an inflation floor, rather than a ceiling. In addition, fiscal policy may play a more important role, leading to higher inflation and interest rates. In the East, inflation is less of a concern, and areas of supportive policy can help maintain growth. China's economy continues to face a challenging property market and weaker consumer confidence, but further monetary easing is possible, with more fiscal support required to sustain a recovery. In Japan we expect a gradual normalisation of the yield curve.

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#### Glossary



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## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
A	HKD	Annually	--	--	--
P	HKD	--	--	--	--

The above table cites the last dividend paid within the last 12 months only.

Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past distribution yields and payments do not represent future distribution yields and payments. Historical payments may be comprised of both distributed income and capital.

The calculation method of annualised yield from August 2019 is the compound yield calculation:  $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n)^{1/n} - 1$ , n depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12.

The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

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