Why consider the HSBC GIF Latin American Local Debt Fund?

- **An experienced fund manager.** Octavio Ferreira (São Paulo), with over 18 years of investment experience, is the senior portfolio manager for HSBC GIF Latin American Local Debt Fund. The presence on the ground enhances the investment process by adding more ideas, giving us a significant information advantage in these markets. The team is very experienced in managing Latin American (LatAm) fixed income securities and aims to generate superior returns in an inefficient marketplace.

- **Experienced team that benefits from HSBC’s resources.** A team of 60 investment professionals, based in Brazil, Mexico, Argentina and Colombia work specifically on Latin American fixed income strategies. The team has access to the whole breadth of HSBC global emerging markets expertise and resources. HSBC’s global footprint allows direct access to both local company and on the ground research in all markets.

- **Culture of research.** The team’s investment convictions are rooted in the shared belief that fundamental research is key to sound investment decisions. The team of analysts provide each other with quality, detailed research, enhanced by local knowledge and a local presence, all within a tight risk control framework. This dedicated team focus on fundamental research and idea generation results in timely and effective decision making within a tight risk-control framework.

- **Disciplined and structured investment process.** Consistent investment process based on top-down fundamental analysis, extensive use of quantitative models and in-depth corporate / credit research.

Why consider investing in Latin American Local Debt now?

- **A large and growing market.** After one of the most difficult economic periods for the global economy, LatAm shows improving growth prospects, especially in comparison to Developed Markets (DM). LatAm is a large and diverse market containing vast natural resources and a great, relatively young labour pool. These factors, along with a rapidly growing middle class and high levels of consumer confidence could make LatAm an attractive destination for investment.

- **An alternative to DM fixed income.** The sovereign debt of many LatAm countries has been consistently upgraded since the 90s, with many of them now rated investment grade. Over the past 5 years, LatAm Local Debt has outperformed both EM and LatAm Equities but also LatAm Hard Currency Debt. Given the current spread differential, there are still attractive opportunities in LatAm Local Debt.

- **Strong fundamentals.** GDP Growth rate forecast for 2011 is 4.7% for LatAm, and widely expected to exceed those of western markets. This stronger growth outlook, as well as a decreasing debt to GDP ratio, has been a key reason for the large investment inflows seen in recent years.

- **Source of portfolio diversification.** As part of a broader portfolio, LatAm fixed income instruments have the potential to enhance returns and provide diversification for investors. LatAm fixed income has many individual strengths and can provide returns that over-perform their peers in more developed markets.


The fund at a glance

- The fund aims to provide investors with a high but stable rate of return by investing in LatAm fixed income securities within a rigorously applied risk management framework.

- Disciplined and structured investment process, with a strong research culture, in-depth analysis and the extensive use of fundamental and quantitative models allows the Fund to capture consistent returns.

- HSBC Global Asset Management has a recognised expertise in emerging markets with highly rated local, regional and global products.

- As part of a broader portfolio, LatAm Local Debt Fund has the potential to enhance returns and provide diversification for investors.

About HSBC Global Asset Management

HSBC Global Asset Management is HSBC’s dedicated investment business. It is a Multi-specialist asset management firm offering broad, highly diverse strategies managing over US$453 billion in assets for institutional and individual investors around the world as at June 2011. Along with a strong global presence, extensive local knowledge and expertise, HSBC Global Asset Management is a leader in emerging markets asset management.

For further information, please visit: www.assetmanagement.hsbc.com

For professional clients only
Introducing the team and the investment strategy

- The team’s investment philosophy is distinguished by its beliefs that superior risk-adjusted returns are generated by a disciplined investment process, based on a long-term but dynamic multi-assets approach, combined with bottom-up analysis produced by a wide range of on-the-ground specialists.
- The Fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income issued by Latin American governments or government agencies. The Fund employs the use of fundamental and quantitative models to capture consistent returns.
- HSBC is dedicated risk management. The team together with Northern Trust manage risks through the application of rigorous procedures and sophisticated tools, with comprehensive due diligence carried out by experienced professionals.

Portfolio composition*

- Colombia: 2%
- Peru: 4%
- Mexico: 29%
- Brazil: 65%

*Source: HSBC Global Asset Management. Data as at end of July 2011

What are some of the risks when investing in Emerging Markets?

- Governance: Supervision, accounting, auditing, financial and other standards may not be equivalent to those in other countries
- Markets: Often more illiquid than OECD financial markets
- Volatility: Unexpected changes in economic growth as well as cyclical effects impact stock prices
- Prices: May be more volatile due to this and to factors such as exchange rate movements and illiquidity

For a full list of risks, please read the Prospectus and Simplified prospectus.

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About the Manager

Octavio Ferreira is Portfolio Manager at HSBC Global Asset Management and has been working in the industry since 1993. Prior to joining HSBC, Octavio was employed as a Portfolio Manager by Banco CCF Brazil. He holds a BA in Production engineering from the Universidade de São Paulo and is a CFA Charterholder.