HSBC GIF Global Macro Fund
Fund information sheet

Why consider the HSBC GIF Global Macro Fund?

▶ Experienced fund managers. The Global Macro team is led by two experienced portfolio managers, Jim Dunsford and Guillaume Rabault. They have over 55 years worth of combined investment experience.

▶ Flexible Global Macro strategy. The HSBC GIF Global Macro fund is an alternative strategy that seeks to exploit pricing anomalies by taking long and short positions in equities, fixed income, and currency markets primarily through financial derivatives such as liquid exchange-traded futures and exchange-traded options. This enables the team to manage a liquid, transparent, diversified and flexible portfolio, built using a wide variety of investment techniques, and based on the best opportunities across a number of asset classes.

▶ Innovative ‘Best of Both’ approach. The team has a multi-strategy approach, using complementary quantitative and qualitative strategies that are underpinned by the same investment philosophy but utilise different valuation tools and often invest over different time horizons. The low correlation of returns between the quantitative and qualitative strategies helps to diversify the portfolio.

▶ Disciplined investment process and risk management. The team follows a disciplined investment process within a rigorously applied risk management framework. The fund targets 7.5% volatility with risk typically allocated evenly between the quantitative and qualitative strategies. The fund managers use a proprietary risk budgeting and risk control tool that assesses both real time risk in the portfolio as well as the impact of potential new trades. Risk is also monitored independently by the HSBC Middle Office.

Why consider investing in Global Macro now?

▶ Global Macro – one of the most popular hedge fund strategies. It is the least constrained and most flexible of all Hedge Fund strategies as managers can take positions in equity, fixed income and currency markets across the globe.

▶ Strong track record for the asset class. Over the past 10 years, Global Macro strategies have performed well relative to both traditional equity and fixed income indices as well as other hedge fund strategies. In addition, the asset class has tended to produce more consistent returns through the business cycle, highlighted by the fact the asset class was one of the few safe havens in 2008.*

▶ High Sharpe ratio. Given the strong performance of Global Macro strategies, and the consistency of the returns relative to other asset classes, it is no surprise that over the last 5 years, Global Macro strategies offered one of the best Sharpe ratios amongst alternative products.*

▶ Low correlation and diversification benefits. The Global Macro asset class provides a low correlation with other conventional asset classes. This means that as part of a broader portfolio, the Global Macro asset class has the potential to enhance returns and provide diversification for investors.

The fund at a glance

▶ The experienced investment team has been together since the inception of the fund

▶ The fund aims to achieve stable absolute returns, targeting high single digit annualised performance, by exploiting pricing anomalies in the market through complementary quantitative and qualitative strategies

▶ The fund offers a low correlation with conventional asset classes and can therefore be a welcome addition to a portfolio. The HSBC Global Macro fund has the potential to enhance returns and provide diversification for investors.

▶ The team follows a disciplined investment process within a rigorously applied risk management framework. The team uses proprietary risk tools and are independently monitored by HSBC’s Middle Office

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$411 billion in assets for institutional and individual around the world as at end of June 2010. 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

*Source: HFR Global Hedge Fund Industry Report Year End 2009
Past performance is not a guide to future performance.
Introducing the investment process and strategy

- **Philosophy and objective.** The team believes that markets are inefficient and that investor behaviour is often biased. The investment aim of the fund is to analyse market behaviour in order to identify price anomalies and construct the portfolio within a risk controlled environment.

- **4 stage investment process.** The team uses a 4 stage investment process (see below) including 1) fundamental analysis with both qualitative and quantitative inputs, 2) identification of valuation anomalies, 3) tactical analysis for timing exposure and finally 4) stress test all trade ideas before portfolio construction in order to control exposure.

- **A different approach.** Many Global Macro fund managers focus on forecasting and generating ideas from their forecasts. Our belief is that no-one has a systematic edge when it comes to data-point forecasting and that we can better profit from exploiting instances when the market mis-prices risk.

- **Our competitive advantage.** The fund combines both quantitative and qualitative strategies, helping to enhance returns and diversify the portfolio, whilst most managers focus on just one approach (either quantitative or qualitative).

- **Dedicated and independent risk management.** Rigorous risk management is conducted both by the fund management team and independently by HSBC’s dedicated risk management team.

### About the Managers

**Jim Dunsford, Co-Fund Manager**

Jim Dunsford began his investment career in 1972 at Grieveson Grant before joining the HSBC Group in 1978. He held a number of positions before being promoted to global head of fixed income in 1994. He holds a Master’s degree from Cambridge University in Natural Sciences and carried out postgraduate research in Management Development at Birkbeck College, London University. He also holds a Certified Diploma in Accounting and Finance.

**Guillaume Rabault, Co-Fund Manager**

Guillaume Rabault began his investment career in 1991. Prior to joining HSBC Group in 2000, Guillaume worked for the French Ministry of Finance for nine years as an economist, researcher and head of the French National Quarterly Account. Guillaume holds a Master's degree from the engineering school Polytechnique (France), a Master's degree in Economics and Statistics from the business school ENSAE (France), and a Master's degree (DEA) in Economics and Politics from Ecole Normale Supérieure (France).

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