

HSBC Absolute Return Service

Monthly Insight – Dollar – as at 31 October 2009

Investment profile

- ▶ Focused on the preservation of capital while offering the potential for capital gain
- ▶ Unbenchmarked approach leads to conviction investing
- ▶ Not capital guaranteed

Investment team

- ▶ Charles Morris, Will Bartleet

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www.assetmanagement.hsbc.com/absolute

Commentary

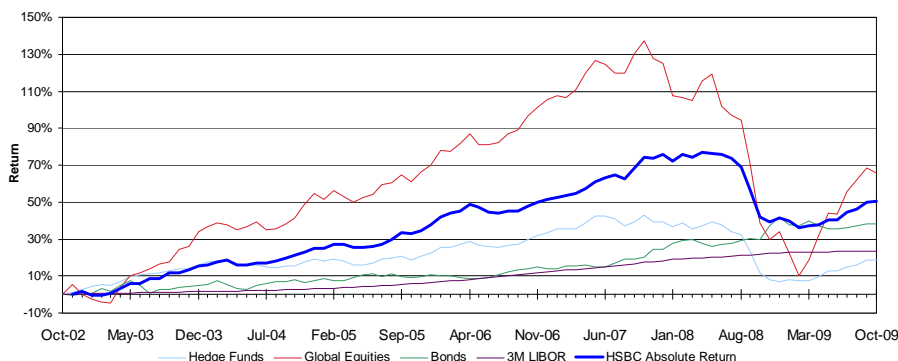
- ▶ **Purchases:** Agricultural commodities were purchased to benefit from the supply demand imbalance in grains and soft commodities. Merrill Lynch BlueTrend UCITS fund was purchased to benefit from strong trends in markets.
- ▶ **Sales:** US Treasury bonds were sold following their strong performance. Aviva Global Convertible Fund was sold following the strong recovery.
- ▶ **Outlook:** Equity markets are likely to continue to consolidate their gains following the sharp rise; government bonds are likely to remain range bound whilst gold looks set to make new highs.

Comparative performance since inception (8 November 2002)

	1 Month	3 Months	6 Months	YTD	12 Months	Since Inception	Annualised Return*	Annualised Volatility*	Sharpe Ratio*
Absolute \$	0.4%	4.0%	8.9%	6.1%	5.8%	50.2%	6.0%	6.9%	0.4
3-Month LIBOR \$	0.0%	0.1%	0.3%	0.8%	1.3%	23.4%	3.0%	0.5%	-
Global equities \$	-1.8%	6.5%	25.6%	23.3%	19.2%	65.5%	7.5%	16.2%	0.3
US Treasuries \$	0.0%	1.7%	0.9%	-2.5%	6.5%	38.4%	4.8%	5.3%	0.3
Composite Hedge Fund Index	-0.1%	3.4%	8.4%	10.9%	6.2%	18.6%	2.5%	6.8%	-0.1

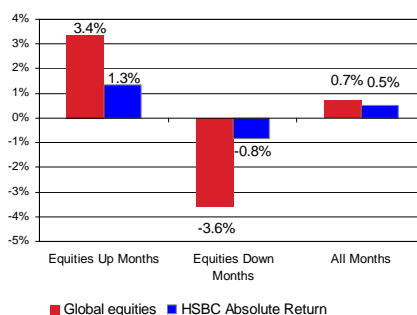
Libor – BBA US Cash Indices LIBOR TR Global Equities – MSCI World, Index in USD TR US Treasuries – Bloomberg/EFF Govt Bond Index All > 1 yr TR Composite Hedge Fund Index – HFR Global Hedge Fund Index from 31/03/03 and S&P Hedge Fund Index (which has been discontinued by the provider) for any prior periods. Source: HSBC and Bloomberg. *Sharpe Ratio – the excess return over the risk free rate for each unit of risk taken. Annualised Volatility – a measure of the deviation of returns from the average, adjusted to show on an equivalent annual basis. Annualised Return – the return since inception, adjusted to show returns on an equivalent annual basis. The above performance is based upon a model portfolio. Individual client portfolios may differ from the model as they contain different holdings and this may lead to different performance returns. The information above relates to past performance and should not be taken as a guide to future returns. Where overseas investments are held, the rate of exchange may cause the value of investments to go down as well as up. All figures are gross of fees and charges and would be lower once deductions are made. This document is intended for existing clients, or as part of the sales advice process. This document is not to be distributed to or relied upon by non-existing clients and clients who have not received advice. Issued by HSBC Global Asset Management (International) Limited trading registered at HSBC House, Esplanade, St Helier, Jersey, Channel Islands, JE4 8WP. HSBC Global Asset Management (International) Limited is regulated by the Jersey Financial Services Commission for investment business and is licensed by the Guernsey Financial Services Commission for Collective Investments and Investment business. HSBC Bank plc, act as settlement agent to HSBC Global Asset Management (International) Limited. If you undertake Investment Business with any non UK members of the HSBC Group you will be excluded from the benefit of the rules and regulations made under the UK's Financial Services and Markets Act 2000, including the UK Financial Services Compensation Scheme. Approved for issue in the United Kingdom by HSBC Global Asset Management (UK) Limited, 78 St James's Street, London SW1A 1EJ. Registered office: 8 Canada Square, London E14 5HQ. HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Services Authority and is entered on the Financial Services Authority register as number 122335. It is also a member of the Investment Management Association. To help us to continually improve our service and in the interest of security, we may monitor and/or record your telephone calls with us. Please remember that with investments, the value of shares and the income from them may go down as well as up, is not guaranteed, and you could receive back less than you invested. This could also happen as a result of changes in the rate of currency exchange, particularly where securities are held. All references to tax are based on our understanding of the current law, which can change under future legislation. © Copyright. HSBC Global Asset Management (International) Limited 2009. All Rights Reserved. FP09-1292 17519

Model performance since inception (8 November 2002)



The above information relates to past performance and should not be seen as an indication of future returns

Average monthly returns since inception (8 November 2002)



Asset allocation breakdown (as at 31 October 2009)

