

UK Focus Fund Specialist Services



At a Glance

- ▶ Concentrated fund of 23 – 26 stocks
- ▶ Fund only holds highest conviction ideas
- ▶ Benchmark aware, rather than benchmark driven
- ▶ Rigorous investment process, including quantitative and qualitative inputs

Overview

The HSBC UK Focus Fund is a concentrated fund of about 23 – 26 UK stocks.

As a focused fund, stocks are selected where there is potential to make an absolute return, rather than being selected based on the size of a company in the stock market.

The UK Focus Fund only holds our highest conviction ideas, with broadly equally weighted positions, as opposed to holding stocks according to their weight in the market. This allows us to concentrate our research and resources.

The UK stock market is increasingly dominated by a small number of sectors and companies. Currently, the largest five sectors in the market represent over 50% of the FTSE All-Share index, and benchmarked funds are normally required to have exposure to these companies, regardless of their opinions of these companies' underlying prospects. We believe that higher conviction holdings are generally the main drivers of performance and the UK Focus Fund only holds those companies and sectors which have strong fundamental attributes.

As each company we hold is known intimately, we believe our focused investment approach will support you in meeting your specific investment needs.

Highlights

Conviction + Discipline = Performance – The HSBC UK Focus Fund ranked 5th in the UK Peer Group in 2007 (out of 333 funds)†

Leading edge investment techniques – We bring you sophisticated quantitative and qualitative investment techniques to get the very best out of your investments. Our UK Focus Fund aims to beat the performance of the FTSE All-Share index over time.

Bottom up security selection – Macro factors are a secondary consideration and we draw our concentrated portfolio from an investment universe of typically the top 350 companies.

Not trackers or traders – As longer term investors in businesses, we do not trade market noise or track the market. Peer group analysis shows that the best fund managers rarely track the index‡

Investment Process

Investing in a concentrated fund requires a robust investment methodology. We have therefore invested significant intellectual capital in developing the Focus Framework.

The Focus Framework involves a three stage process. Initially, we screen companies in the stock market using a quantitative input, looking at their relative attractiveness against three core criteria. Next, we complete fundamental analysis on the companies which score well from stage one and create comprehensive investment analysis reports for each. In stage three, a team of experts debate and challenge reports before final stock selection decisions are made.

Contact Us

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