

Cautious Portfolio (USD)

HSBC International Select Fund

as at 31 January 2010

Profile

The objective of this sub-fund is to achieve long term capital growth. This will be achieved by investing in a diversified portfolio, with a high percentage of Investment Funds investing primarily in fixed interest securities. The portfolio will normally contain a high proportion of US dollar denominated assets.

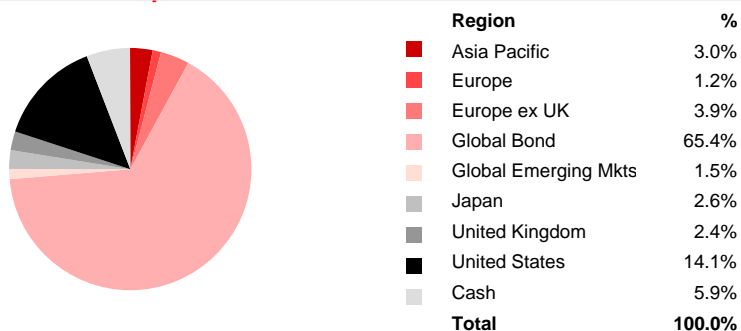
Investor Profile

Investors looking for a managed and diversified investment wanting to invest in lower risk assets.

Top 10 holdings

Fund	Weight
1 Templeton Global Bond A MDis USD	19.12%
2 HSBC GIF USD Investment Grade Bond WD Cis	18.51%
3 BNY Mellon Global Bond C USD	13.51%
4 Cash	5.76%
5 JPM US Select Equity C Acc USD	5.47%
6 PIMCO GIS Global Bd Inst Acc	4.82%
7 PIMCO GIS Total Return Bd Inst Acc	4.77%
8 CAAM Funds Global Bond I Cap (USD)	4.71%
9 BGF US Flexible Equity Fund A2 USD	4.53%
10 Davis Value A	4.11%
Total	85.31%

Portfolio composition



Contact details †

Overseas Residents	Tel: +44 1534 616000
UK Residents	Tel: 01534 616000
Channel Islands & Isle of Man Residents	Tel: 01534 616300
Intermediaries/Financial Advisers	Tel: +44 1534 606417 Fax: +44 1534 606328

HSBC Bank Middle East Limited customers: for further information please contact your local HSBC Bank Middle East Limited branch or call HSBC Bank Middle East Limited Investment Services on Tel: toll free (within the UAE) 800 4440 Fax: 00 9714 39 06102.

Fund details

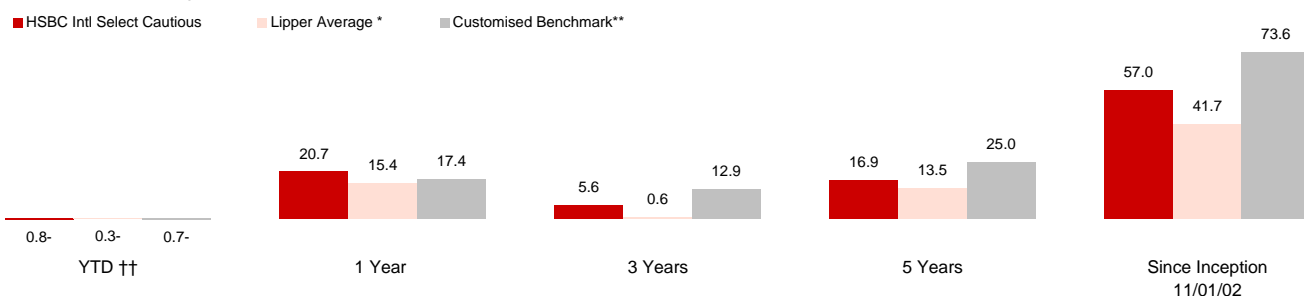
Fund Manager	Julian York
Date appointed	01 January 2008
Launch Date	07 January 2002
Launch price (\$)	1.00
Size of Fund (\$m)	68.67
Total number of holdings	17
Min initial investment (\$)	10000
Monthly Investment Plan (\$)	250
Valuation	9am (Luxembourg time)
Dealing	Daily at 10am (Jersey time for following day's price)
Initial Charge	5.25%
Annual Charge	1.25%
Financial year end	31 March
Equity Funds	28.7%
Bond Funds	65.4%
Cash	5.9%

† To help us continually improve our services and in the interests of security we may record and/or monitor your communications with us.

Year-on-year Performance in US dollars (% change)

	1 Year to 31 Dec 2009 % Chg	1 Year to 31 Dec 2008 % Chg	1 Year to 31 Dec 2007 % Chg	1 Year to 31 Dec 2006 % Chg	1 Year to 31 Dec 2005 % Chg
HSBC International Select Cautious	18.2	-15.2	5.8	10.3	-0.5

Source: Lipper, bid to bid gross income reinvested. Performance information is up to 31/12/2009



Rolling time period	Last 3 Months	Last 6 Months	1 Year	3 Years	5 Years	Since Launch
HSBC Intl Select Cautious	1.0	5.4	20.7	5.6	16.9	57.0
Lipper Average *	1.0	4.9	15.4	0.6	13.5	41.7
Customised Benchmark **	0.3	4.8	17.4	12.9	25.0	73.6
Fund Rank	11/20	6/19	3/17	3/14	3/11	1/5
Quartile Rank †††	3	2	1	1	1	1

Past performance should not be seen as an indication of future performance. 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 may not get back the amount you invested. * Represents the average of the Lipper sector - Lipper Global - Mixed Asset USD Conservative, Luxembourg domiciled funds. ** Benchmark: 35% Lehman US Aggregate index, 35% Citigroup World Government Bond index, 30% MSCI All Countries World index. Performance information is up to 31 January 2010. Lipper run date was 11 February 2010. Source: Lipper, bid to bid gross income reinvested, USD. Prices have been lagged by two days to bring the unit price performance in line with the benchmark. †† YTD means Year to Date. ††† Please note quartile rank is a term widely used in financial services to denote performance of a fund within its sector. For example a ranking of 1 denotes a fund in the top quartile of its peer group sector, with a ranking of 4 denoting a fund in the bottom quartile.

Fund manager comments

Market Review & Portfolio Strategy

Economic momentum began to slow in January, following December's surge. The Greek debt situation sparked concerns over the ability of other governments around the world to manage their sovereign debt commitments. The rebound in consumer prices and the increase in the bank capital reserve requirement ratios in China and India raised concerns that early tightening in monetary conditions could stunt growth in emerging markets, which have so far helped drive the recovery of developed markets. The return of positive growth in the second half of 2009 helped to propel markets upwards, and a further rebound in economic activity is now looking more likely, due to the speed of initial growth. Corporate forecasts for the year ahead were generally cautious, despite many companies releasing strong full-year earnings reports. Weakness in the labour market remains a key factor affecting growth, alongside the withdrawal of government stimulus packages which have supported the economy over the past year.

Equity markets around the world weakened in January as investors adopted a more cautious attitude in reaction to sovereign debt worries, and the tightening of fiscal policy in China. Banking and insurance stocks lost value due to the instability in Greece and actions by the US to tighten banking regulations. US and Eurozone bonds rose over the month, reversing the negative performance of December. An increase in risk aversion improved demand despite worries about sovereign debt default. UK government bonds displayed a small rally in January with yields falling between 0.02% and 0.10%. The market enjoyed a 'flight-to-safety' as investors of financial equities sought 'safe-haven' purchases in the fixed income markets as Greek debt worries continued to affect confidence levels.

The Fund posted losses in January, closing marginally behind the performance of the benchmark. Equity allocations in Japan and in US fixed income securities provided positive returns. In contrast, equity holdings in the US, UK, Europe, Emerging Markets and the Asia-Pacific region were all a drain on performance.

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