

# The DC Funds

UK Equities - active as at 31 March 2023

## Fund objective

To provide long-term capital growth in excess of UK price inflation by investing predominantly in UK listed shares. The fund aims to outperform the benchmark over the long-term.

## Fund description

The Fund currently invests in three underlying funds. The majority is invested a bespoke UK equity index designed to favour investment in companies which exhibit characteristics that have historically led to higher returns or lower risk than the UK market as a whole, which is then implemented by an index-tracking manager. It also excludes UK companies based on specific criteria such as manufacturers of controversial weapons. The rest of the Fund is currently equally split between a fund that invests in a portfolio of c.100-130 UK smaller companies (bottom 10% of by market capitalisation of UK equities market); and a fund that is invested in a portfolio of c.40-50 stocks, which seeks stocks that are currently out of favour but are expected to perform positively in the future. The investment managers have discretion over which shares to hold and when to buy/sell them. ESG factors are considered within the investment process where relevant.

## Fund Facts

**Launch Date:**  
23/2/2007

**Fund size:**  
£87.82m

**Price Per Share:**  
242.8p

**Base Currency:**  
GBP

**Does this fund form part of an HSBC default strategy?**  
No

**Charges:**  
Inv Mgmt Charges: 0.00%  
Additional Charges: 0.02%

HSBC pays the investment management charges – not you. However, there may be costs within some of the funds and these will be reflected in the unit price. These nominal costs are variable and are likely to be between nil and 0.2% a year.

### Current Underlying Fund(s):

16.50% Schroder Life UK Smaller Companies Fund  
16.50% Artemis UK Special Situations Fund  
67.00% L&G Multi Factor UK Equity ESG Exclusions Fund

### Current Benchmark:

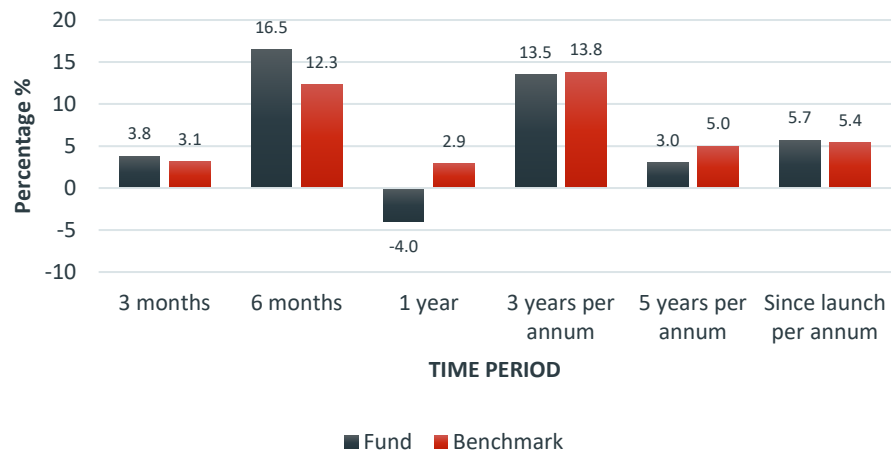
FTSE All-Share Index

### Volatility (% per annum):

	3 Years	5 Years
<b>Fund:</b>	16.0	18.1
<b>Benchmark:</b>	12.7	14.4

Annualised volatility: a measure of how variable returns for a fund or comparative market index have been around their historical average (also known as "standard deviation"). Two funds may produce the same return over a period. The fund whose monthly returns have varied less have a lower annualised volatility and may be considered to have achieved its returns with less risk. The calculation is the standard deviation of monthly returns presented as an annualised number. Volatility for funds and indices are calculated independently of each other.

## Fund Performance



## Note

Total fund performance is made up of a composite of all the current and historic underlying investment manager(s) fund arrangement(s). As such, the longer-term performance shown may not solely reflect that of the current investment manager fund arrangement(s) for this fund. Past performance is not a guide to future performance. The figures are shown in Sterling and have been calculated using actual returns since the introduction of the current DC fund range. Source: FIL Life Insurance Ltd. Single priced, gross income reinvested and net of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day.

## For members of the HSBC Bank (UK) Pension Scheme

### Fund performance (continued)

	31 Mar 2022 - 31 Mar 2023	31 Mar 2021- 31 Mar 2022	31 Mar 2020 - 31 Mar 2021	31 Mar 2019 - 31 Mar 2020	31 Mar 2018 - 31 Mar 2019
	%	%	%	%	%
<b>Fund</b>	-4.0	8.3	40.6	-19.9	-1.1
<b>Benchmark</b>	2.9	13.0	26.7	-18.5	6.4
<b>Relative Performance</b>	-6.9	-4.7	13.9	-1.4	-7.5

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Past performance is not a guide to future performance. The figures are shown in Sterling and have been calculated using actual returns since the introduction of the current DC fund range.

Source: FIL Life Insurance Ltd. Single priced, gross income reinvested and net of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day.

### Market Commentary

UK equities started the year on a positive note, building on their resilient 2022 performance, before giving back some gains in the latter half of the quarter. Prospects of moderating inflation along with better-than-expected corporate earnings drove stocks higher, as investors held out hopes for fewer interest rate rises. However, a series of strong economic reports and company results showed that many Western economies were performing better than anticipated, which led to concerns that central banks may keep rates elevated for longer than expected. The Bank of England, despite acknowledging that more work needed to be done, remained more conservative in its commentary and announced a 0.50% rate hike early in February, followed by another hike of 0.25% in March. Markets were plunged into volatility again in March following the sudden collapse of US-based Silicon Valley Bank and Signature Bank, as well as the subsequent failure of Credit Suisse in Europe. This led to concerns around the stability of the financial system, which triggered a sharp sell-off in financial stocks. Source: Fidelity. This is general market commentary and should not be considered as advice.

#### INDUSTRY SECTOR BREAKDOWN




1	Financials	22.44%
2	Industrials	20.37%
3	Consumer Goods	17.40%
4	Health Care	8.63%
5	Consumer Services	7.73%
6	Technology	5.98%
7	Utilities	5.26%
8	Cash & Other	4.42%
9	Basic Materials	4.34%
10	Oil and Gas	3.43%
	<b>TOTAL</b>	<b>100.00%</b>

## For members of the HSBC Bank (UK) Pension Scheme

### Risk rating

 Very low  Low  Low/medium  Medium  Medium/high  High  Very high

All investments carry a level of risk. You need to decide how much of each type of risk you're prepared to take. The table below gives an overview of some of the risks associated with this fund

Risk type	Description of risk	Level of risk for this fund
Capital Risk	This is the risk that the value of your investments will fall. Investors in higher capital risk funds should expect to see above average growth over the long term, but might see big falls in value in the short term. The younger you are, the less worried you might be about capital risk, because your investments have time to recover their value before you retire. Higher capital risk funds may be less suitable if you are close to retirement and want more certainty.	
Inflation Risk	This is the risk that the value of your investments will grow more slowly than prices rise. Inflation can be a problem for pension savings invested in cash or bond funds particularly if the interest you're earning is less than the rate of inflation and you are some way from retirement.	
Pension Conversion Risk	The price of an annuity changes on a regular basis. This means that the amount of income you can secure with the same amount of money will change. Pension conversion risk is the risk that the amount of income you can buy drops before you retire, because your money is invested differently to annuity funds. That's why, if you wish to buy an annuity to provide a regular income through retirement, putting more of your DC pension pot into bonds to try to match annuity prices as you get closer to retirement age can help protect against this risk. If you wish to continue investing your pension savings during retirement and access drawdown then this is less of a concern.	

### About the factsheet

It is important to remember that the price of units can go down as well as up. There's no guarantee that you'll get back the amount that goes into your DC pension pot. Changes in rates of currency exchange, particularly where overseas securities are held, could also affect the value of your investment. Although the funds can typically be bought and sold on a daily basis, fund managers may need to delay when you can access your holdings in a fund(s) due to exceptional market circumstances. All funds are provided through FIL Life Insurance Ltd and may invest in securities issued by or hold deposits with HSBC Holdings plc and associated companies. The Trustee can change the underlying managers or funds within this fund, or decide to withdraw or replace the fund at any time, without member consent or prior notification. This factsheet should be read alongside the investment guide.

Making fund choices is an important decision that could have a significant effect on your benefits. This factsheet has been produced to provide you with fund information and is not designed to provide advice or a recommendation on the suitability of an investment for your personal financial circumstances. The Trustee cannot give you financial advice about your fund choices. Consider taking independent financial advice before making any investment decisions.

**Valuation time:** Business days at 5:00pm (UK time)

**Dealing Process:** The cut off time for switch instructions is 2:00pm each business day.

### Contact us

You can find more Scheme information at: [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk)

If you are a Defined Contribution (DC) only member and have any questions, please contact the DC Scheme Administrator, Willis Towers Watson, at:  
**Email:** [HSBCpension@willistowerswatson.com](mailto:HSBCpension@willistowerswatson.com); **Phone:** 01737 227 575

If you are a hybrid member and have any questions, please contact the Defined Benefit Scheme Administrator, Equiniti, at:  
**Email:** [HSBCHybridPensions@equiniti.com](mailto:HSBCHybridPensions@equiniti.com); **Phone:** 0371 384 2631

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