

HSBC FTSE ALL-SHARE INDEX FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

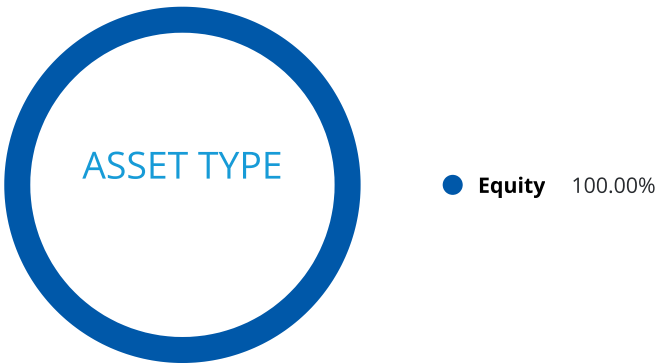
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SUMMARY

HSBC is the seventh largest bank in the world, and has around 4000 branches globally. It was established in London in its present form in 1991 by the Hong Kong & Shanghai Banking Corporation Ltd to act as a new group holding company. Its total offering of passive vehicles is worth more than \$40bn, which includes eleven UK-domiciled equity OEICs, of which the European Index Fund is one.

HSBC has a large team of global specialists working on the passive fund range, and cites a low ratio of funds per manager than other houses - 12 as opposed to up to 30 in some other passive fund management firms.

The Fund has a long track record, having been launched in 1990. HSBC's preferred method of tracking is full replication, and the All Share Index Fund uses this methodology, holding all the shares contained in the benchmark FTSE All Share Index. The Fund may use derivatives, consistent with the risk profile of the Fund, in order to facilitate efficient portfolio management (e.g. to provide liquidity without daily dealing). The Fund may also hold cash and collective investments



INVESTMENT PROCESS

HSBC follows a three-step process when implementing and managing the index funds and mandates: preliminary index analysis, portfolio construction and trading analysis and implementation.

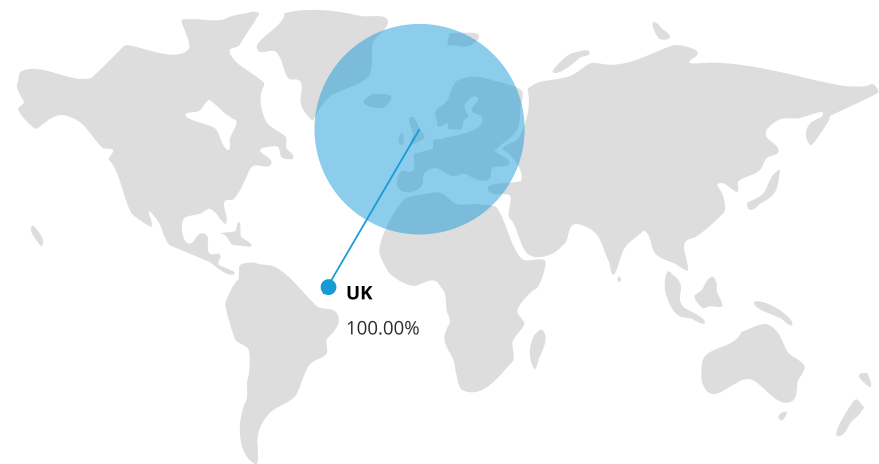
Exposure to securities in the FTSE All Share Index will be held with weightings replicating each company's market capitalisation but the managers will stay away from trading a stock if natural sources of liquidity to purchase the stock cannot be found in order to minimise implicit transaction costs. In such circumstances, the Fund holds a temporary proxy basket of stocks until liquidity improves or a position can be built over time. Moreover, stock weights are allowed to fluctuate within a narrow band to minimise unnecessary rebalancing and transaction costs. The Fund fully replicates the benchmark index, which means the Fund purchases the underlying securities, in the same proportion as that of the index. When the index undergoes a change, so does the Fund. As a fund group, HSBC also has the ability to employ what they refer to as 'responsible' replication, which allows the investment team to navigate well known pricing anomalies such as index changes or corporate events, whereby prices can be squeezed higher or lower than under normal trading conditions.

Derivatives are used for efficient portfolio management only. Index futures are principally used for cashflow management and to hedge accruals (dividends, tax reclamations and takeover proceeds) in order to keep the Fund fully invested in line with the index.

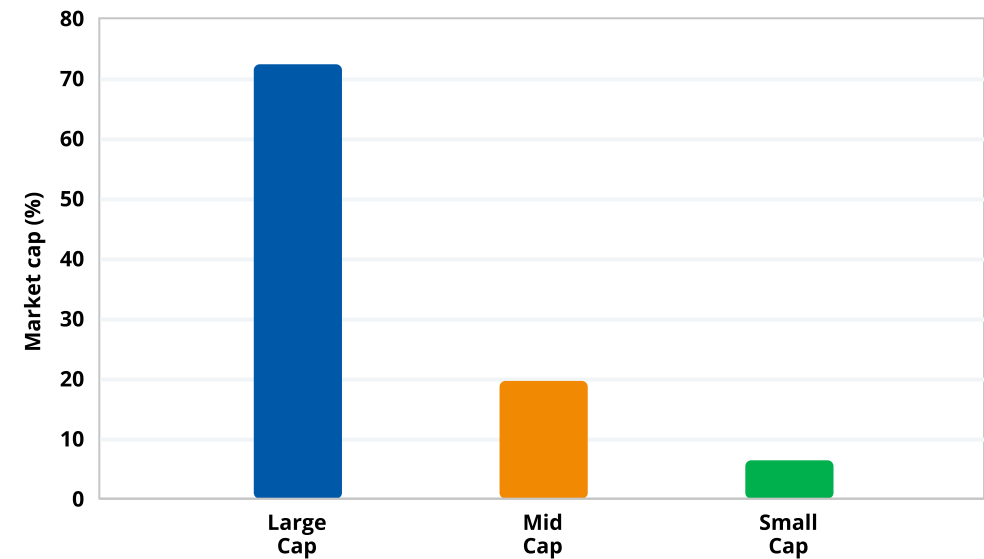
HSBC does not participate in stock lending.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



Not Applicable

OVERALL PERFORMANCE

● HSBC FTSE All Share Index C Acc ● UK All Share Total Return GBP

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



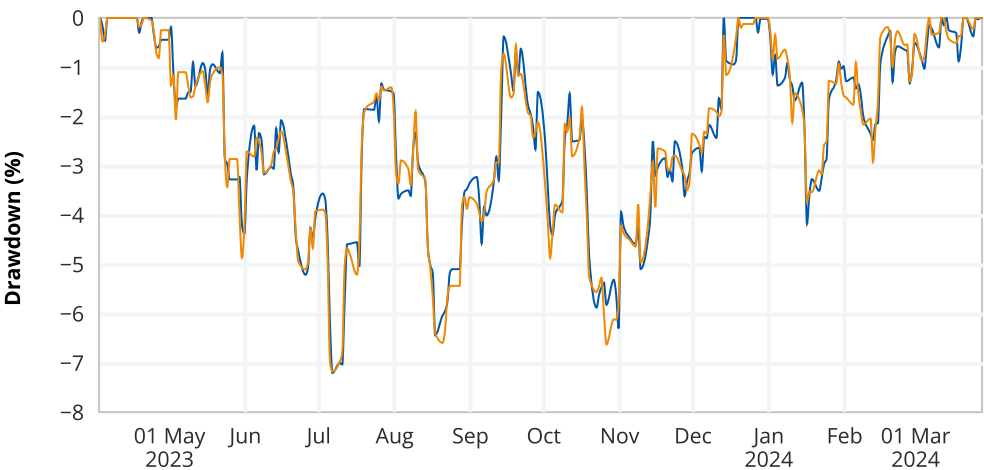
GROWTH (%) - FROM INCEPTION

24 Jun 2008 - 29 Mar 2024



DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



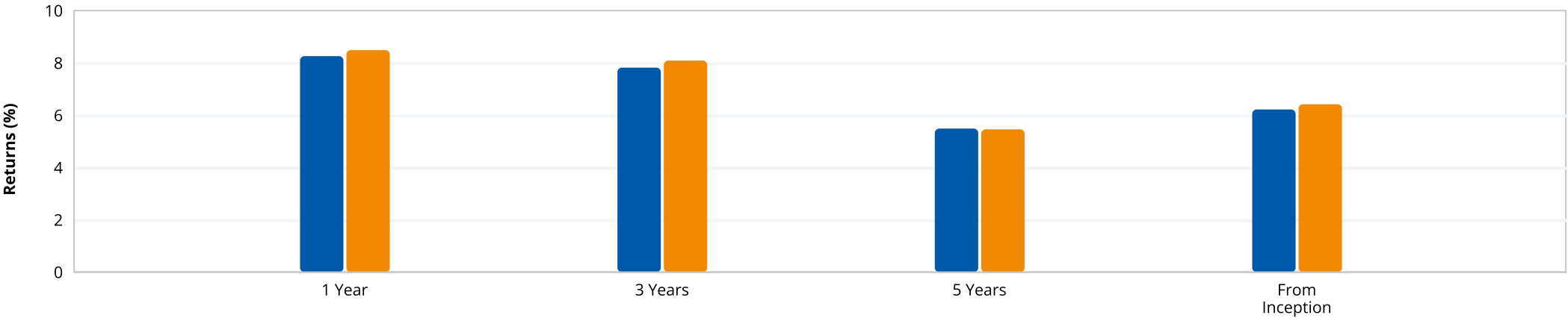
DRAWDOWN (%) - FROM INCEPTION

24 Jun 2008 - 29 Mar 2024



RETURNS

● HSBC FTSE All Share Index C Acc ● UK All Share Total Return GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-1.01	0.00	4.47										3.41
2023	3.57	2.34	-2.95	3.08	-3.78	0.14	2.68	-2.01	2.04	-4.18	2.63	4.32	7.62
2022	-0.22	-1.41	2.92	-0.06	0.74	-6.18	4.49	-1.96	-5.27	2.63	7.01	-1.18	0.71
2021	-0.48	2.06	3.72	3.31	1.84	-0.12	0.39	2.60	-0.35	1.25	-2.33	4.72	17.67
2020	-2.85	-8.88	-16.21	8.67	2.14	0.74	-2.71	1.40	-1.38	-4.07	14.38	2.26	-9.47
2019	4.61	1.79	2.50	3.18	-3.28	3.70	2.32	-3.41	2.58	-1.26	2.83	2.62	19.31

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	8.26	7.82	5.49	6.22
●	8.49	8.09	5.46	6.42

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	8.19	25.18	30.52	157.90
●	8.43	26.14	30.34	165.71

● HSBC FTSE All Share Index C Acc ● UK All Share Total Return GBP

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

	●	●
RETURNS (%)	8.26	8.49
VOLATILITY (%)	10.74	10.29
ALPHA	0.00 *	
BETA	0.95 *	1.00
CORRELATION	0.99 *	1.00
SHARPE RATIO	0.29	0.33
SORTINO RATIO	0.44	0.49
MAX DRAWDOWN (%)	-7.20	-7.17

*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

24 Jun 2008 - 29 Mar 2024

	●	●
RETURNS (%)	6.22	6.42
VOLATILITY (%)	17.72	17.77
ALPHA	-0.02	
BETA	1.02	1.00
CORRELATION	0.98	1.00
SHARPE RATIO	0.28	0.29
SORTINO RATIO	0.39	0.41
MAX DRAWDOWN (%)	-37.05	-36.67

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

This chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

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