

HSBC World Selection – Cautious Portfolio

Fact Sheet

Issued January 2012

Fund profile

The portfolio aims to provide capital growth through cautious investment in a broad range of asset classes across global markets. The fund manager is HSBC Global Asset Management (UK) Limited which is authorised and regulated by the Financial Services Authority.

Performance (% change)

The tables and graphs below show the performance of the HSBC World Selection Cautious Portfolio. The fund invests in a wide variety of asset classes. The tables and graphs also show the performance of a number of stockmarket indices to represent these asset classes. However, the performance of the indices does not represent the performance of the individual asset classes within the fund.

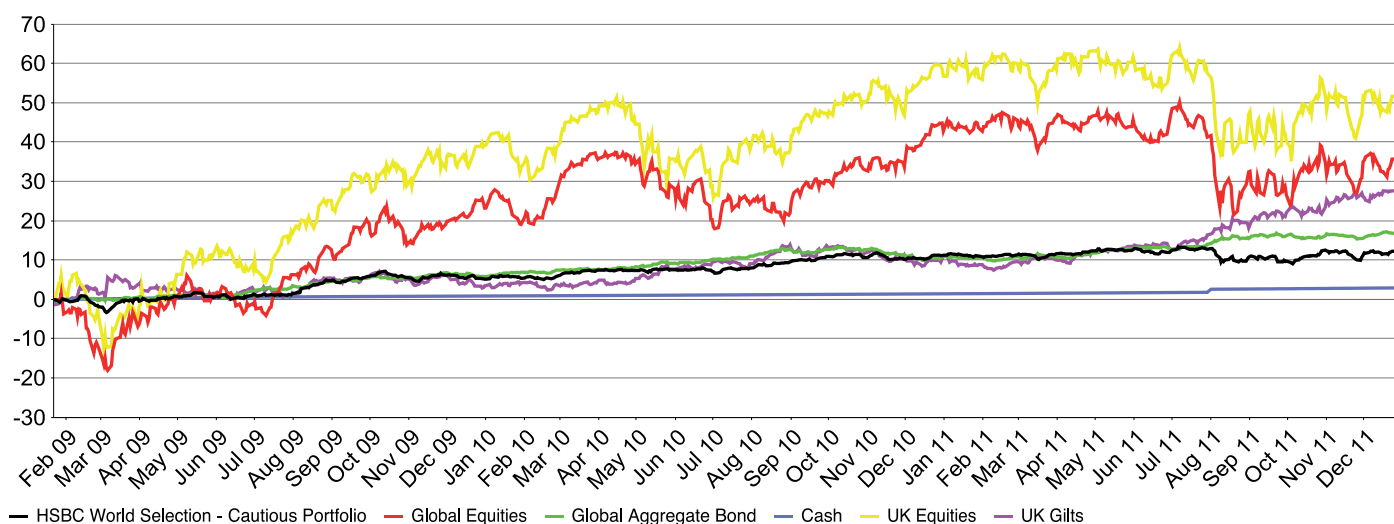
Rolling time period	1 month %	3 months %	6 months %	1 year %	3 years %	5 years %	Inception %
HSBC World Selection – Cautious Portfolio	1.44	2.82	0.53	1.44	-	-	12.90

Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 December 2011, for the accumulation share class.

	31/12/06 – 31/12/07 % change	31/12/07 – 31/12/08 % change	31/12/08 – 31/12/09 % change	31/12/09 – 31/12/10 % change	31/12/10 – 31/12/11 % change
HSBC World Selection – Cautious Portfolio	-	-	-	5.80	1.44
Global Equities	7.72	-17.39	16.45	15.87	-4.31
Global Aggregate Bonds	5.76	7.59	5.31	4.82	5.80
Cash	6.03	6.53	1.78	0.67	0.80
UK Equities	7.36	-28.33	27.33	12.62	-2.18
UK Gilts	5.27	12.81	-1.16	7.20	15.57

Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 December 2011, for the accumulation share class.

Portfolio performance since inception (January 2009)



Source: Morningstar, mid-mid net income reinvested. Performance information is up to 31 December 2011, for the accumulation share class.

These figures refer to the past. Past performance is not a reliable indicator of future returns.

Unless otherwise stated, all information is up to 31 December 2011 and has been provided by FundsLibrary. As with any stockmarket investment, the price of shares in the fund and the income from them can fall as well as rise. Where overseas securities are held, this may also happen as a result of a change in exchange rates. Investors may get back less than the amount originally invested. Fund performance, sector averages and ranks - Copyright © 2012 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.



Please refer to the M&S Investment ISA and Plan Key Features document for a full list of risk factors relating to investments in the funds. FTSE® is a trademark of the London Stock Exchange Limited and The Financial Times Limited and is used by FTSE International under licence. The FTSE® 100 Index is calculated by FTSE® International in conjunction with the Institute of Actuaries. FTSE® International does not sponsor, endorse or promote this product. All copy in the Index values and constituent lists vests in FTSE® International Limited.

Top 10 holdings

Stock	Weight
1 HSBC MultiAlpha Global Aggregate Bond (Underlying managers: Allianz PIMCO, Loomis Sayles, Franklin Templeton)	27.3%
2 HSBC UK Gilt Index	10.4%
3 Allianz PIMCO Gilt Yield	10.4%
4 HSBC Sterling Liquidity	7.0%
5 HSBC MultiAlpha North America Equity (Underlying managers: WestEnd Advisors, Eaton Vance, Cohen & Steers, Winslow Capital Mgmt, Los Angeles Capital Mgmt)	6.6%
6 HSBC MultiAlpha Europe Equity (Underlying managers: AQR, JO Hambro, Schroder, Rothschild)	6.3%
7 Legal & General All Stocks Gilt Index Trust	5.2%
8 HSBC MultiAlpha Global High Yield Bond (Underlying managers: JP Morgan, Columbia)	3.4%
9 HSBC MultiAlpha Japan Equity (Underlying managers: Nomura Asset Management, Invesco, Polar Capital)	2.9%
10 HSBC UK Growth & Income (Underlying managers: BlackRock, GMO, SWIP, Invesco, Aberforth, Standard Life)	2.7%
TOTAL	82.2%

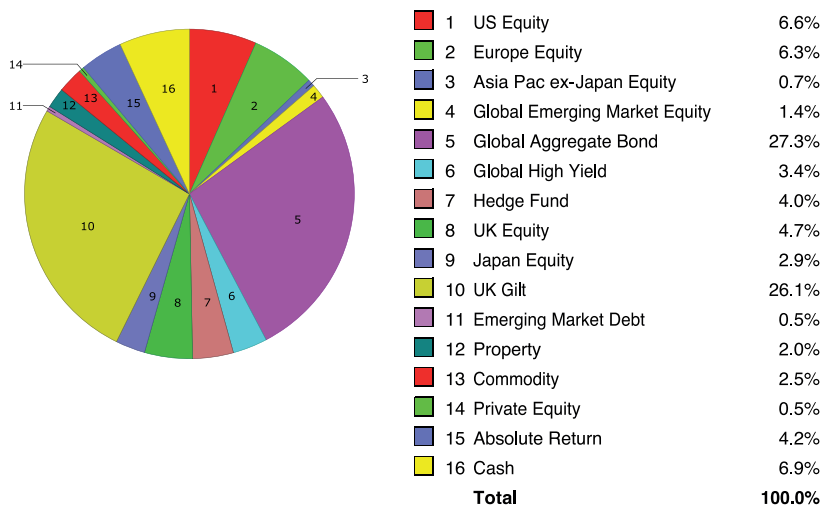
Fund details

Fund manager	HSBC Global Asset Management (UK) Limited
Date appointed	2 January 2009
Inception date	22 January 2009
Inception price (£)	1.00
Fund size (£m)	774.5
Total number of holdings	44
Initial charge	1%
Annual management charge**	1.25%
Total Expense Ratio (TER) (as at 15/10/2011)**	1.88%
Dealing & valuation	Daily at 12:00 noon (UK time)

**The TER shows the annual operating costs of the fund and includes the annual management charge (AMC) and some other expenses. It does not include the initial charge for the product you are investing in, where relevant, or dealing costs and any interest on borrowing within the fund. As this fund invests in other Collective Investment Schemes, the TER also includes the AMCs levied by the fund managers of the underlying funds. Where relevant, HSBC Global Asset Management (UK) Limited have negotiated reduced AMCs for the funds they have selected.

For further product information on investing in the fund via the M&S Investment ISA and Plan please refer to the Key Features document.

Portfolio composition by Asset Allocation*



* These were the target portfolio allocations as at 31 December 2011

HSBC Global Asset Management market review

The performance of most regional equity markets was marginally positive in December. Market volatility remained lower than in previous months owing mainly to the holiday season. In December, economic activity in the US continued to show signs of improvement. However, the global focus remained on the eurozone's fiscal and monetary woes as the European Central Bank cut interest rates by 0.25% to 1% and supported money market activity in an effort to stabilise the region's banking system. Emerging regions remain stronger than developed countries, although the pace is moderating. Emerging Asia growth continues to outperform Latin America and Eastern Europe within the sub-regions. In the equity segment, we retained our moderately overweight exposure (relative to the long-term target weights) over the month. We continue to prefer emerging regions over developed markets, given that equity valuations are currently at extremely attractive levels. In mid-December, we trimmed the Fund's exposure to both developed and emerging market equities to smaller overweight positions, primarily to take profits after a period of strong performance. All major fixed income sub-segments posted positive returns in 2011, notably from developed market government bonds. Global high-yield bonds provided strong contributions to overall performance over the month, outperforming all other major fixed-income segments in December as risk appetite returned. World Selection Cautious Portfolio posted a return of 1.44% in December (net of TER in GBP).

Index information

The performance of the indices listed below are used in the table and graph overleaf to illustrate the performance of the asset classes of the funds:

UK Equities (FTSE 100 Index): The FTSE 100 Index is made up of the 100 largest companies traded on the London Stock Exchange.

UK Gilts (FTSE British Government All Stocks Index): The FTSE British Government All Stocks Index is a comprehensive index incorporating all eligible British Government Securities.

Global Equities (MSCI World Index): The MSCI World Index measures the equity market performance of developed markets. Since June 2007 the MSCI World Index has consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Global Bonds (Barclays Global Aggregate Bond Index): The Barclays Global Aggregate Bond Index covers the most liquid portion of the global investment grade fixed rate bond market, including government bonds, corporate bonds and collateralised securities.

Cash (LIBOR £ 3 Month Rate): London Interbank Offer Rate. The rate charged by one bank to another for lending money, the rate is an average derived from the quotations provided by the banks and determined by the British Bankers Association.