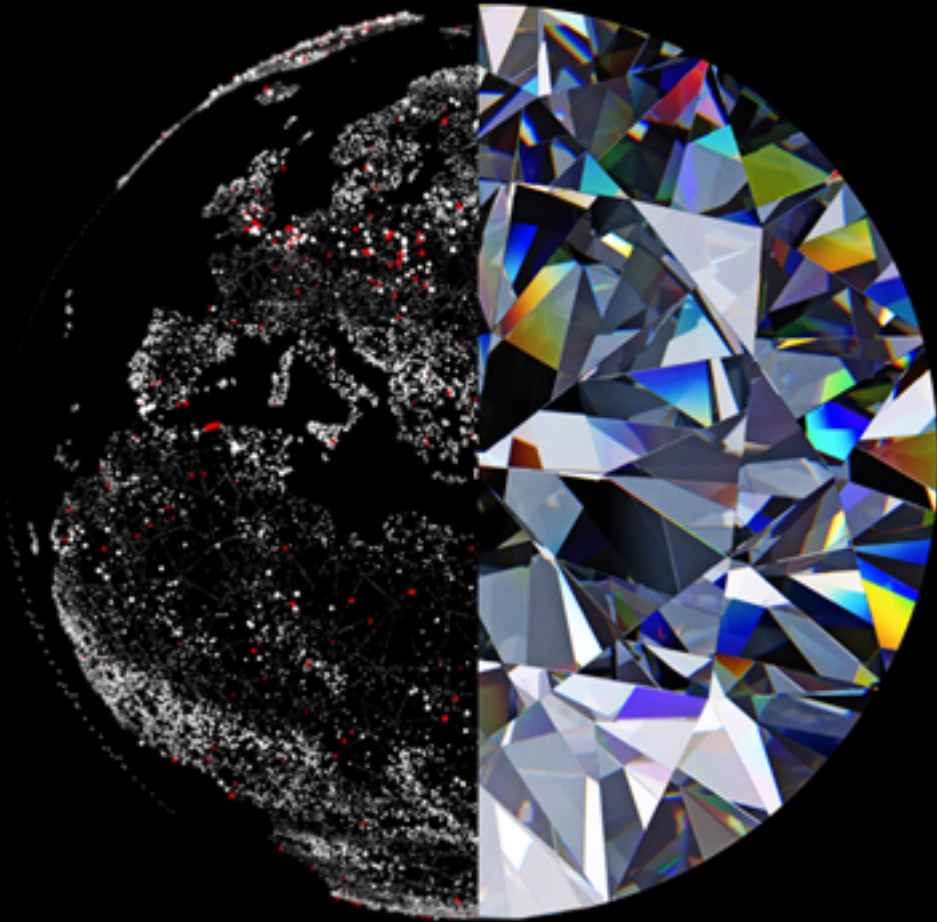


Be **SELECTIVE** when  
Managing your Wealth.

# HSBC SELECT BALANCED (A)

Monthly Report  
February 2025



## Objective and investment policy

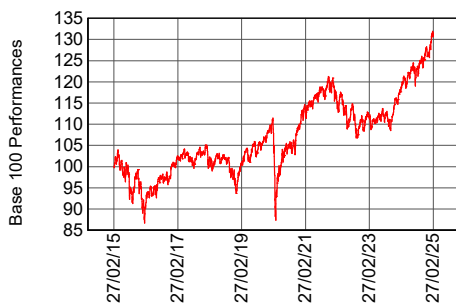
The objective of the mutual fund is to offer flexible, active management on equity and fixed-income markets over a minimum investment period of five years. Despite operating within larger allocation limits, the mutual fund's profile may be compared with an allocation made up of 50% equities and 50% public and private bonds on average, exposed in developed markets with a euro bias as well as in emerging markets. The mutual fund is managed actively without any reference to a benchmark index.

The investment strategy is discretionary and is based on a portfolio management process organised around three pillars:

- a medium/long-term strategic asset allocation depending on the manager's level of conviction (asset classes, geographical areas, sectors),
- a tactical allocation resulting from the manager's short-term convictions in order to strive to take advantage of market opportunities,
- a selection of undertakings for collective investment (UCI) and managers able to, according to us, generate performance over time.

## Performance and risk analysis

Fund's performance



### Net Cumulated performance

	1 month	1 year	3 years	5 years	10 years	07/01/2009*
Portfolio	1.13%	10.43%	13.72%	26.97%	31.02%	120.10%

### Indicators & ratios (weekly)

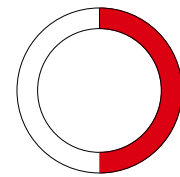
	1 year	3 years	5 years	10 years	07/01/2009*
Fund's volatility	6.31%	6.79%	8.75%	8.63%	8.13%
Sharpe ratio	1.04	0.27	0.41	0.26	0.56

### Net performance by calendar year

	2025	2024	2023	2022	2021	2020
Portfolio	3.80%	8.62%	7.14%	-9.75%	8.85%	2.24%
	2019	2018	2017	2016	2015	
Portfolio	13.91%	-7.77%	2.68%	4.27%	4.28%	

**The performance figures relate to the past performance which should not be seen as an indication of future returns. The capital invested in the fund can increase or decrease and is not guaranteed. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees.**

The investment objective has been modified on the 25th September 2014. Performance returns prior to this date have been realized under different circumstances.



Strategic Allocation  
50% Equities

## Fund Details

### Total Asset

EUR 139 726 110.20

### Net asset value

(AC)(EUR) 64.49

### Number of underlying funds

50

### Legal Form

Mutual Fund regulated under French law

### Investment horizon

> 5 years

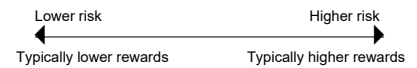
### Dividend Policy

(AC): Accumulation Shares

### Start Date of Management\*

07/01/2009

## Risk and Reward Profile



**Do not run any unnecessary risk. Read the Key Information Document (KID).**

The risk and reward indicator is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The value of an investment, and any income from it, may fall as well as rise, and you may not get back the amount you originally invested. The category is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest category does not mean a risk-free investment. This Mutual Fund is classified in category 3 because its price or simulated data has shown low to medium fluctuations historically.

## Analysis of the investment strategy

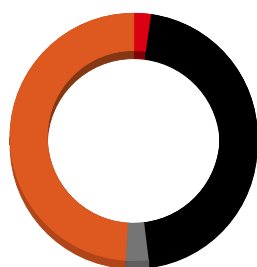
### Portfolio Composition

	31/01/2025 % TNA	28/02/2025 % TNA	Variation*
<b>Equities**</b>	51.81%	49.04%	▼
North America	21.05%	19.61%	▼
Europe	18.61%	17.36%	▼
Emerging Markets	6.49%	6.73%	◁▷
Global	4.88%	4.74%	◁▷
Japan	0.95%	1.11%	◁▷
Asia ex-Japan	-0.17%	-0.50%	◁▷
<b>Bonds**</b>	49.00%	53.01%	▲
Europe	22.69%	22.69%	◁▷
North America	13.73%	17.91%	▲
Global	8.01%	8.46%	◁▷
Emerging Markets	5.51%	5.09%	◁▷
Pacific ex-Japan	1.12%	2.17%	▲
Japan	-3.55%	-1.17%	▲
Asia ex-Japan	1.50%	-2.14%	▼
<b>Commodities</b>	2.96%	2.90%	◁▷
<b>Alternative</b>	2.47%	2.25%	◁▷
Global	2.47%	2.25%	◁▷
<b>Money Market &amp; Cash</b>	-6.24%	-7.19%	▼
<b>Total</b>	100.00%	100.00%	

\* There is a change over the period if the difference in weighting is greater than 0.5% in absolute value terms.

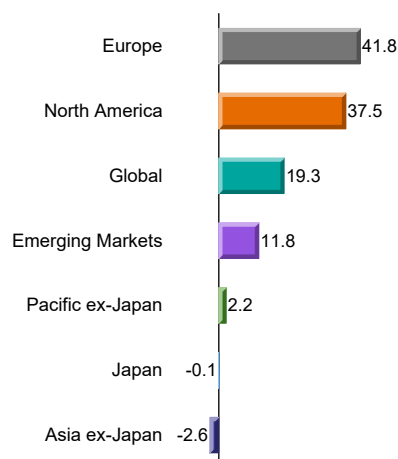
\*\* Including fixed income and equity market exposure via derivatives.

### Asset Allocation as at 28/02/2025



Alternative	2,2 %
Bonds & Money Market	45,8 %
Commodities	2,9 %
Equities	49,0 %
<b>Total:</b>	<b>100,0 %</b>

### Regional Allocation\*\*\* as at 28/02/2025



\*\*\*except cash

## Main Lines

	Asset Class	Weight	Monthly Performance*	Performance Contribution**	
1	HSBC S And P 500 UCITS ETF	Equities	8.29%	-3.83%	-0.32%
2	HSBC Global Investment Funds - Euro Credit Bond ZC	Bonds	6.88%	0.66%	0.04%
3	HSBC Global Funds ICAV - Multi Factor EMU Equity Fund ZC	Equities	5.99%	3.42%	0.22%
4	HSBC Global Investment Funds - Euro High Yield Bond ZC	Bonds	5.36%	0.81%	0.05%
5	HSBC Global Funds ICAV - Multi Factor US Equity Fund ZC USD Acc	Equities	4.71%	-2.29%	-0.11%
<b>Total</b>			<b>31.23%</b>		

\* Monthly return in Euro of underlying funds is based on HSBC SELECT BALANCED portfolio at the end of 02/28/2025 and 01/31/2025. The return is calculated with the following formula : end of month valuation ÷ preceding end of month valuation -1.

\*\* The performance contribution is calculated as follows : monthly return x monthly average weight.

## Main decisions taken during the month

### New positions

No new position over the period

Asset Class

Regional Zone

### Positions liquidated

◀	AMUNDI US INFL EXPCT 10Y ETF EUR H DIST	Bonds	Europe
◀	HSBC GIF TURKEY EQUITY ZC	Equities	Emerging Markets

### Positions added

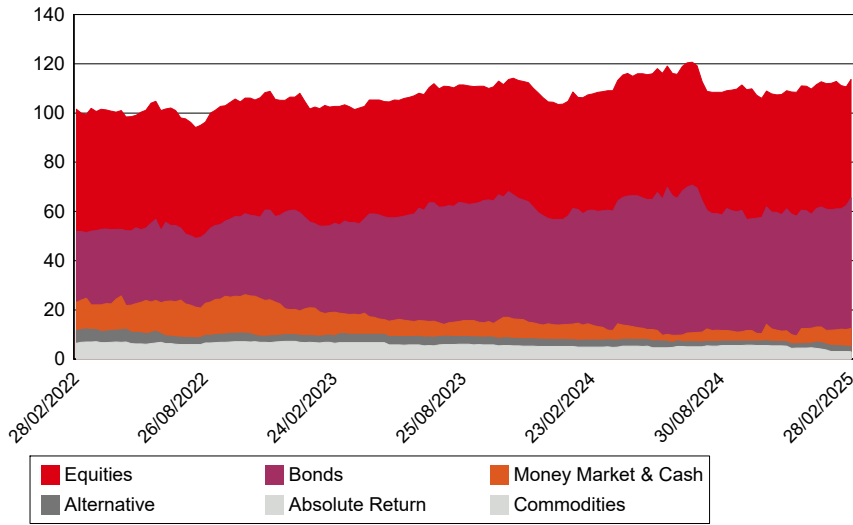
▲	HSBC EURO GVT BOND FUND ZC	Bonds	Europe
▲	HSBC SRI MONEY ZC	Money Market & Cash	Europe
▲	HSBC-GGB ETF-ZCH	Bonds	Global
▲	ISHARES EDGE S AND P 500 MIN VOL ETF USD ACC	Equities	North America
▲	HSBC MSCI EMERG MKTS ETF	Equities	Emerging Markets

### Positions reduced

▼	ISHARES S AND P 500 GROWTH ETF	Equities	North America
▼	HSBC GIF GLOBAL IG SEC CREDIT BD ZQ2HEUR	Bonds	Global
▼	HSBC MULTI FACTOR EMU EQUITY ZC	Equities	Europe
▼	HSBC MULTI FACTOR US EQUITY ZC USD ACC	Equities	North America
▼	HSBC GIF EUROLAND VALUE ZC	Equities	Europe

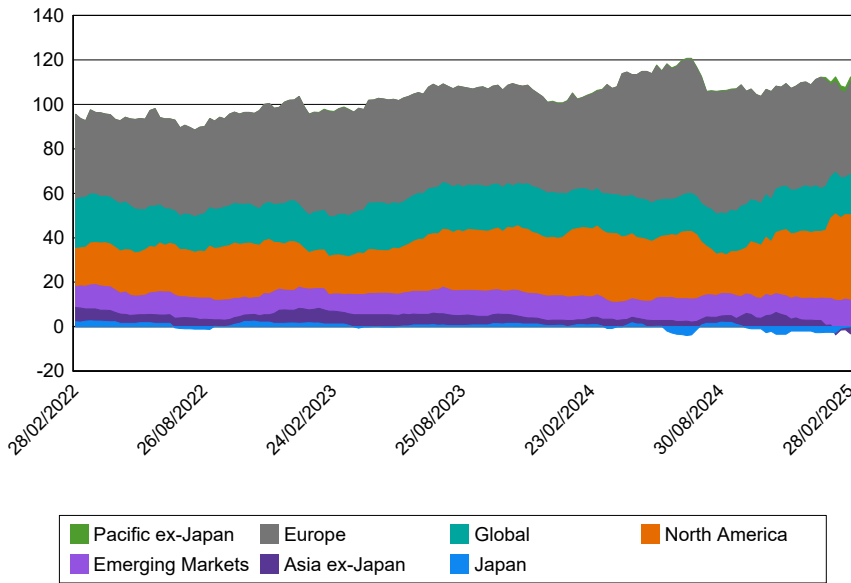
## Portfolio's History

**Historical Asset Allocation\***



\*derivative products' off-balance-sheet commitment included (except options)

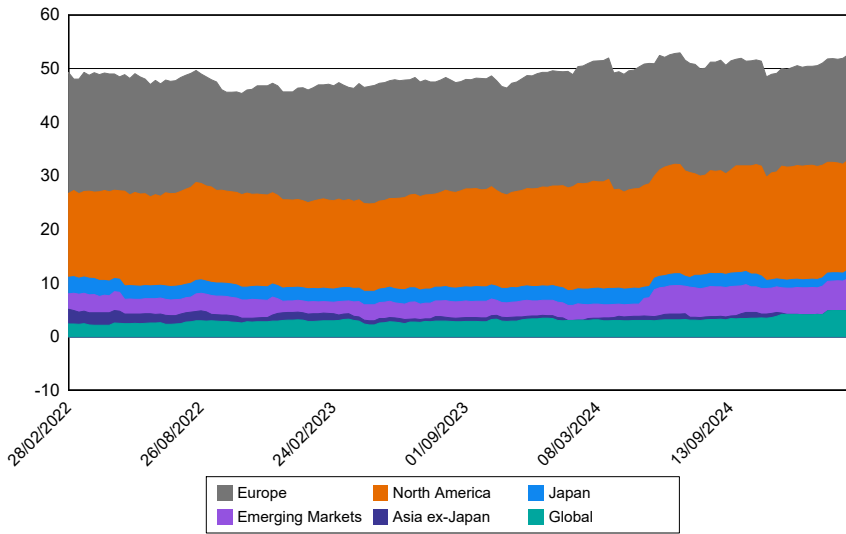
**Historical Allocation by Region\*\***



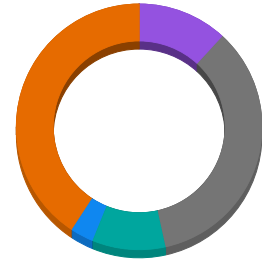
\*\*except cash

## Equity component Analysis\*

### Historical Allocation by Region



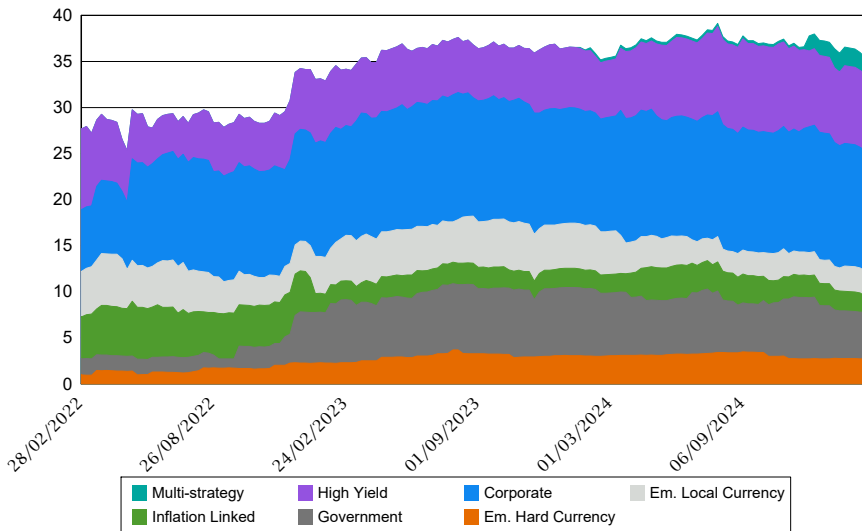
### Equity as at 28/02/2025



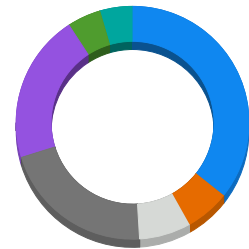
Asia ex-Japan	-0.0 %
Emerging Markets	11.8 %
Europe	34.7 %
Global	9.6 %
Japan	3.0 %
North America	40.8 %
<b>Total</b>	<b>100.0 %</b>

## Bond component Analysis\*

### Historical Allocation by Strategy



### Bonds as at 28/02/2025



Corporate	35.7 %
Em. Hard Currency	6.2 %
Em. Local Currency	7.2 %
Government	21.2 %
High Yield	20.6 %
Inflation Linked	4.6 %
Multi-strategy	4.6 %
<b>Total</b>	<b>100.0 %</b>

\*except derivative products' off-balance-sheet commitment

## Fund Manager Commentary

### Economic Environment

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Unfazed the lack of political visibility, financial markets focused on macroeconomic data and robust earnings publications. Equity markets delivered mixed returns in February: the global index retreated by 0.36% in euros, while the Eurozone and emerging markets both outperformed (the latter to a lesser extent), returning +3.48% and +0.72% respectively, in euros.

In the United States, growth seems to be losing momentum, particularly in terms of confidence indicators. Meanwhile, January inflation readings remained stubborn, with prices rising +3% year-on-year. In the Eurozone, while growth remains sluggish (+0.1% GDP growth in the 4th quarter), the momentum appears to be recovering in industrial sectors. Inflation edged up in January, with prices rising 2.7% year-on-year.

Yields fell back slightly, as rates served as a safe haven in the face of volatility and geopolitical tensions. Yields on 10-year U.S. Treasury bonds retreated 30 basis points. Supported by an improved economic momentum, European rates eased rather less with 10-year yields on German Bunds down 10 basis points to 2.4%.

### Performance & current holdings

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Our overexposure to equity markets at the beginning of the month and our profit-taking contributed positively to the fund's performance in February.

Our regional equity allocation favours the U.S. and Europe over emerging markets and Japan and therefore made a very modest contribution to performance: gains from our over-exposure to Europe and under-exposure to Japan were offset by our exposure to the U.S. market and our lower positioning in emerging markets. These geographical biases were reduced at the end of the month.

In Europe, outperformance stemmed from our country choices, and notably our overexposure to Southern Europe (Spain, Italy). We took partial profits on under-valued stocks and invested the proceeds in index-linked strategies. In the United States, our decision to sell our positions in small-caps proved wise. We have also trimmed growth stocks to increase our allocation to low volatility stocks.

On the emerging side, we benefited from our overexposure to the Chinese market. We are selling our positions in Turkish equities to strengthen Poland and global emerging markets. Our funds exposed to long-term growth themes outperformed global indices, but artificial intelligence-related themes weighed on performance. These thematic strategies have been reduced in favour of funds better aligned with societal changes (Amundi MSCI Millenials).

Within our fixed income investments, we benefited from low credit premiums in absolute terms. Our preference for U.S. sovereign debt over German debt was helpful to performance. After recent inflation readings surprised on the upside, we took profits on this theme. Finally, our diversification into commodities detracted from performance.

### Outlook

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We expect a moderate slowdown in U.S. economic activity in 2025, while other developed economies should experience a very gradual recovery, particularly the Eurozone. China could also stabilise its economy at around 5% growth.

The market remains robust, supported by strong growth prospects in the U.S. and upbeat fourth-quarter earnings publications. The AI theme is still a growth factor, but the risks of new technological disruptions could lower the expected return on investments already deployed. As a result, investors are justifiably wary of richly valued technology stocks.

Furthermore, tariff threats have not had a major impact on risk assets for the time being, as Eurozone equities have outperformed and the recent rebound in inflation is still considered "seasonal" and driven by specific factors. However, geopolitical risks seem to be increasing and warrant a degree of vigilance after a good start to the year.

Within our equity investments, we have a marginal preference for developed over emerging markets. In the United States, we have reduced our exposure to growth stocks, while in the Eurozone, our allocation is evenly split between undervalued, growth and defensive stocks. Finally, in emerging markets, diversification remains sizeable, and we favour China and Poland.

Considering the moderate slowdown in global growth, poor political visibility, and central banks pursuing their rate cutting cycles, we have maintained a modest positive stance on sovereign yields. The main risk is a resurgence of inflation, particularly in the United States, a factor that calls for our vigilance.

We are well positioned on corporate bonds, even though valuations are stretched. We favour European investment grade and high-yield bonds over their U.S. counterparts, as well as financial debt.

## Fund Management Team



### **Stéphane Mesnard**

Fund manager

Stéphane Mesnard has been a multi-asset fund manager since November 2012 and he has been working in this sector since he joined the HSBC group in 2005. Before taking up his current position, he worked in the financial engineering department at Louvre Gestion (formerly Banque du Louvre), an investment management firm dedicated to the HSBC group's private banking activities in France. He gained a Master's degree in finance from Paris II - Panthéon Assas University and qualified as a Chartered Financial Analyst (CFA) in 2009.



### **Laurence Jobert**

Fund manager

Laurence Jobert has been a multi-asset fund manager since December 2014. She joined HSBC in 2007 as an equity fund manager then as a relationship manager. Prior to joining HSBC, Laurence worked for La Banque Postale Asset Management as quantitative equity fund manager from 1999 to 2007. Laurence holds an Applied Mathematics Master's Degree I from Paris I and Paris VII University and a Master's Degree II in Quantitative Methods for Management from Paris X Nanterre University. She also holds a SFAF (Société des Analystes Financiers) financial analyst degree and a CIIA (Certified International Investment Analyst) degree.



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Document updated on 19/03/2025

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## Fund Details

### Legal Form

Mutual Fund regulated under French law

### Investment horizon

> 5 years

### Dividend Policy

(AC): Accumulation Shares

### \*Start Date of Management

07/01/2009

### Base Currency

EUR

### Valuation

Daily

### Subscriptions & Redemptions

Ten thousandths of share

### Dealing / Payment Date

Daily - D (Business Day) before 12:00 pm (Paris) / D+2 (Business Day)

### Initial Fee / Exit Fee

2.00% / Nil

### Minimum Initial Investment

Whole shares

### Portfolio Management Company

HSBC Global Asset Management (France)

### Custodian

Caceis Bank

### Central Paying Agent

Caceis Bank

### ISIN Code

(AC): FR0010329391

### Bloomberg Ticker

(AC): INTVALR FP

### Fees

Real internal management fees

1.10% inc. taxes

Maximum internal management fees

1.10% inc. taxes

Maximum indirect fixed management fees

1.00% inc. taxes