

Asset Management

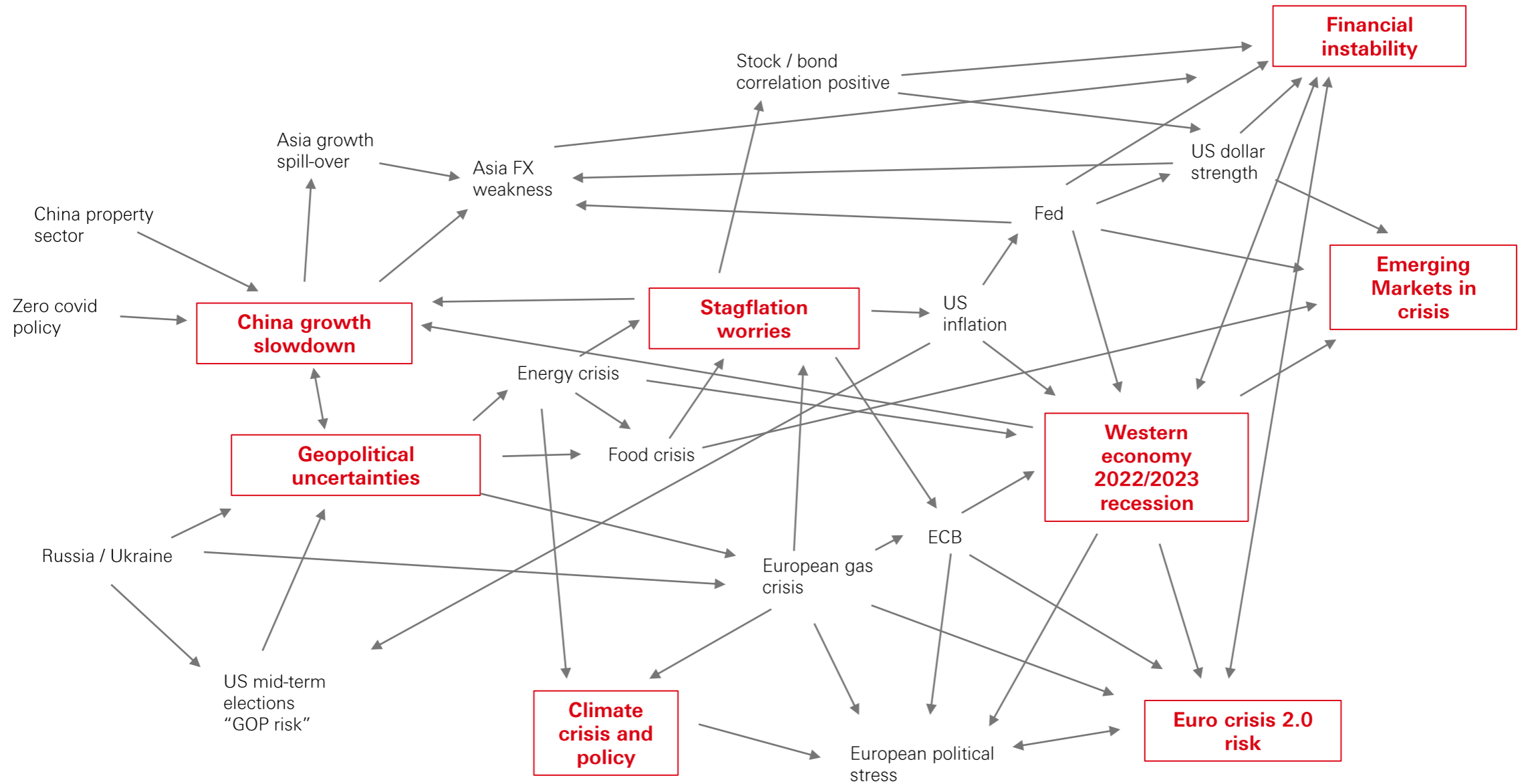
Kapitalanlage in Zeiten vielfältiger Krisen – Herausforderungen & Chancen 2023 oder: "Goldilocks versus the bears"

February 2023

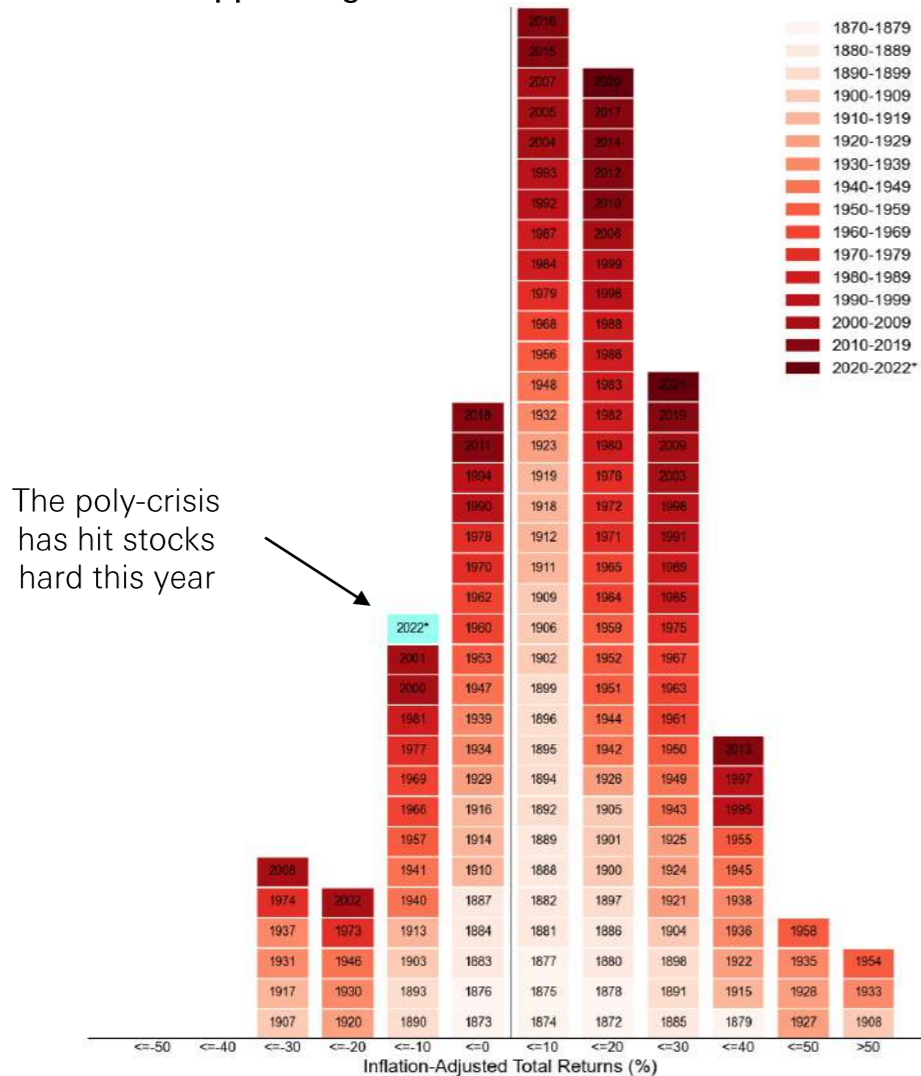
Global Investment Strategy



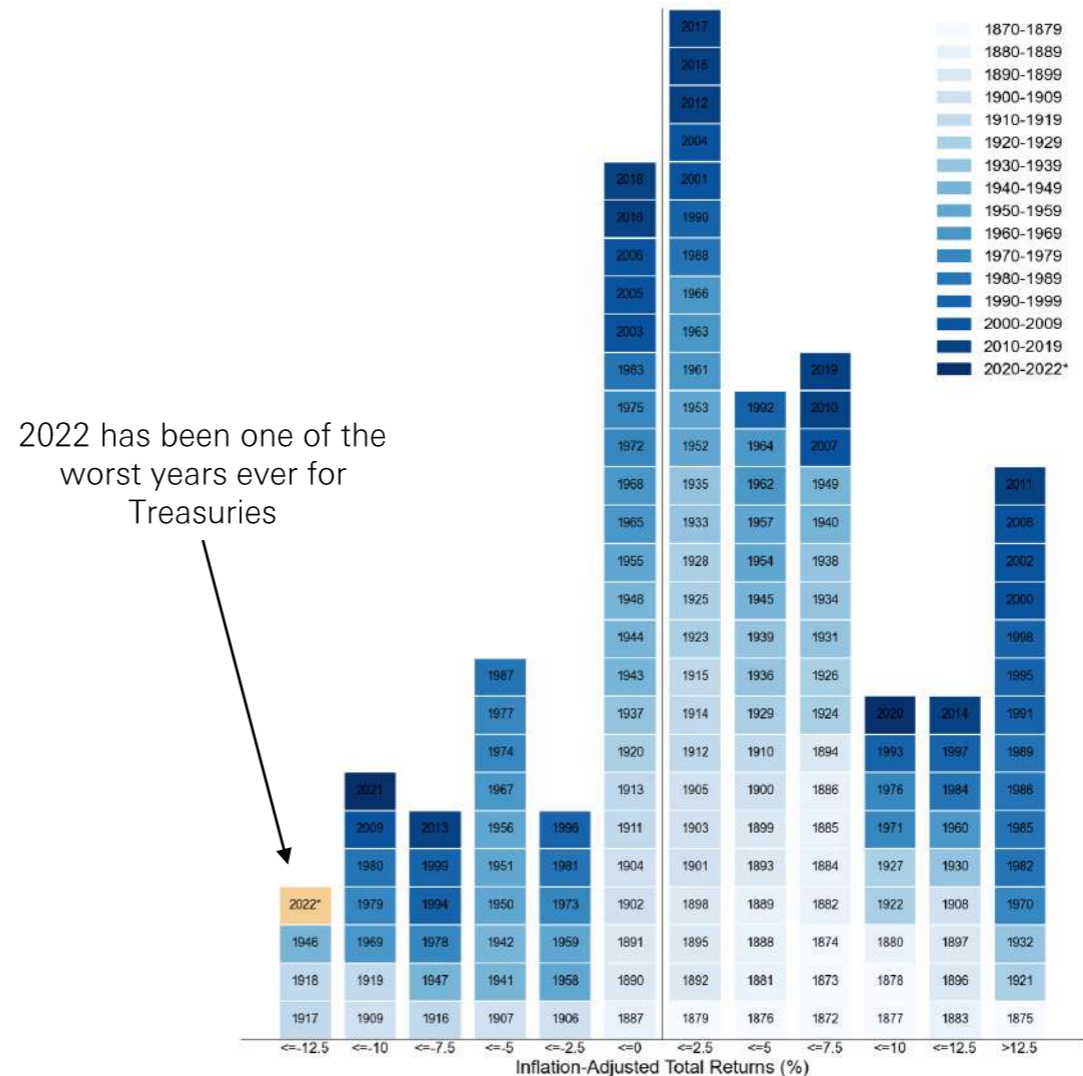
1. Die 'Polykrise' – Eine Bestandsaufnahme



Stocks have been disappointing ...



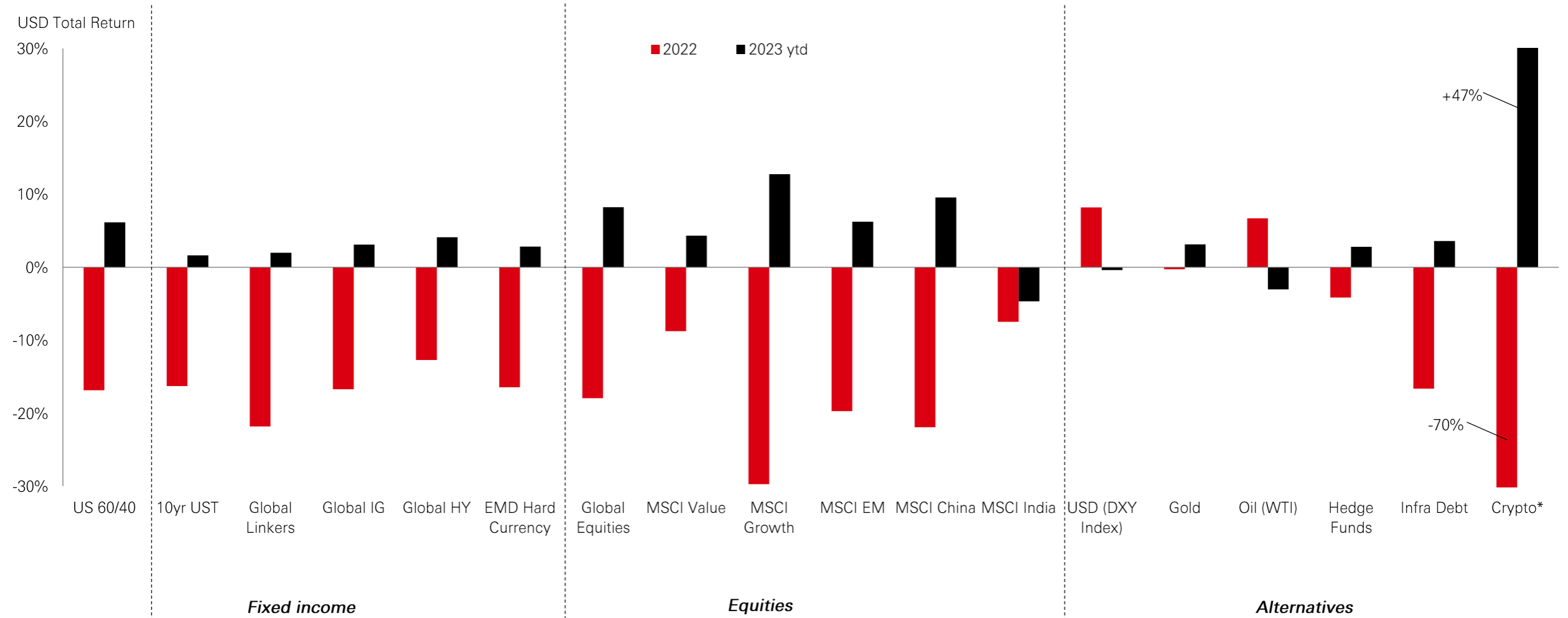
...but bonds have been terrible



The performance figures displayed in the document relate to the past and past performance should not be seen as an indication of future returns

Source: HSBC Asset Management, GFD, November 2022. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Performance in USD terms for a range of asset classes

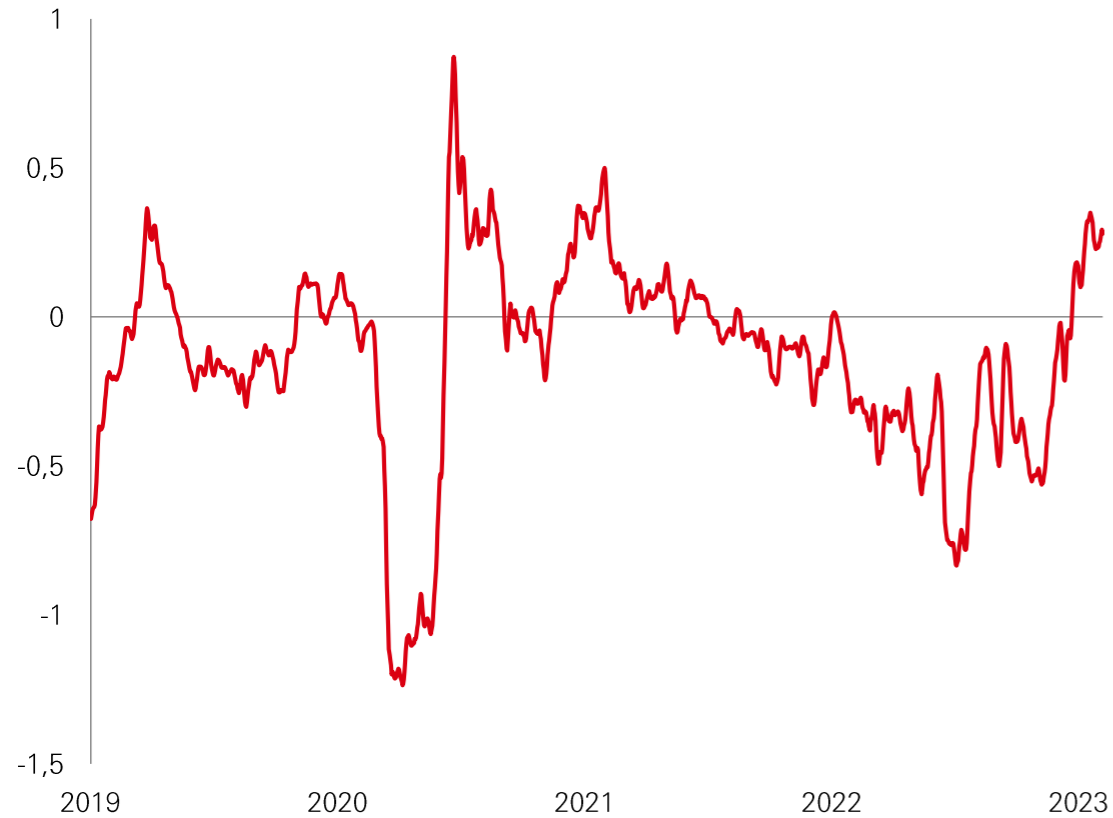


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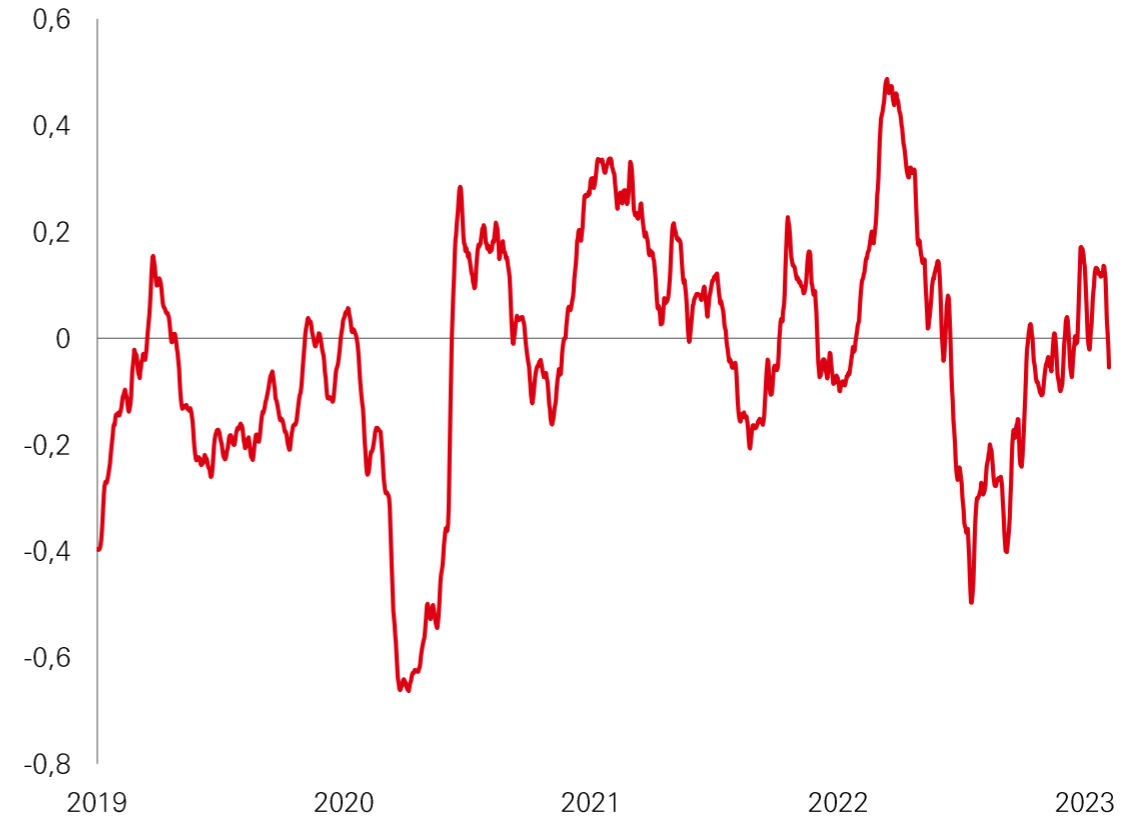
Our live signal from market data is pointing to strong economic growth...

US market-implied growth



... and near-trend inflation

US market-implied inflation



Past performance does not predict future returns. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

Source: HSBC Asset Management, as at February 2023. For illustrative purposes only and should not be construed as a recommendation for any investment product or strategy. The views expressed above were held at the time of preparation and are subject to change without notice. Any forecast, projection or target contained in this presentation is for information purposes only and is not guaranteed in any way.

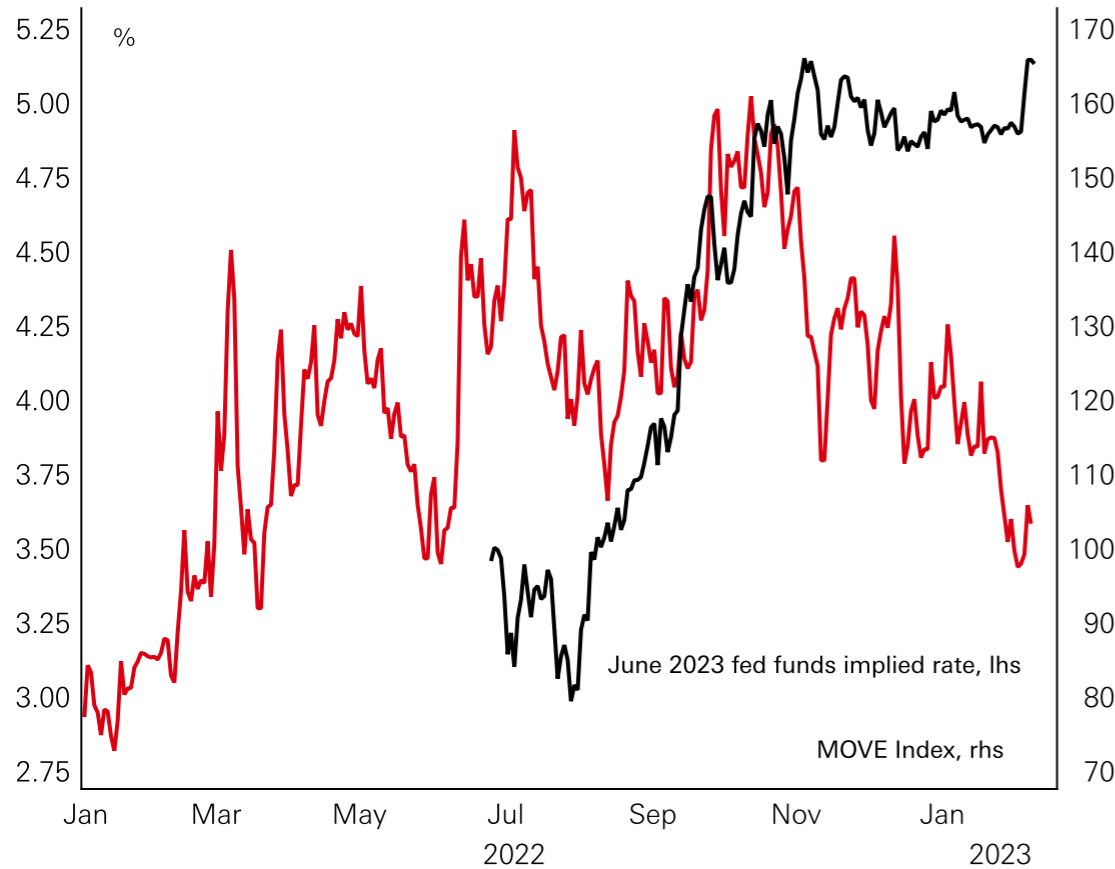
2. Herausforderungen & Chancen 2023

Endet der Zinserhöhungszyklus?

Wie weit trägt das 'Sentiment'?

Passt die Bewertung?

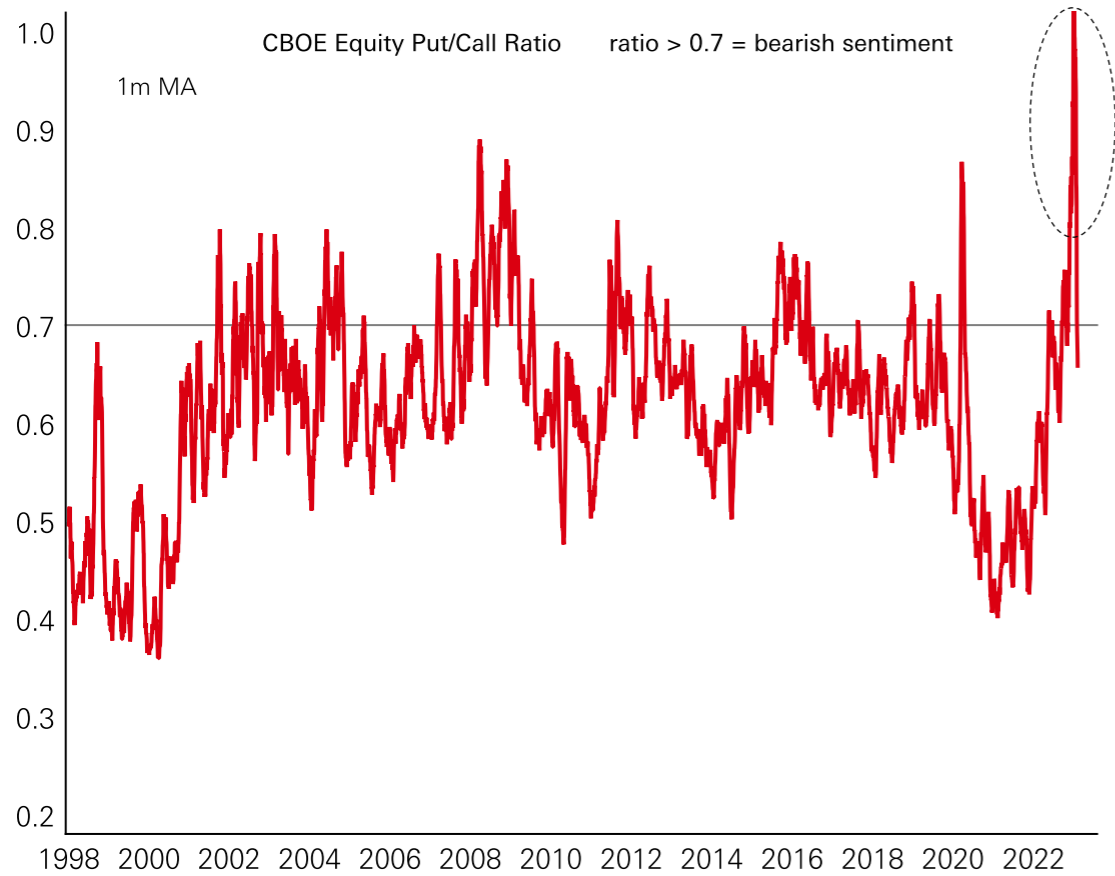
The MOVE index fell as peak Fed expectations stabilised



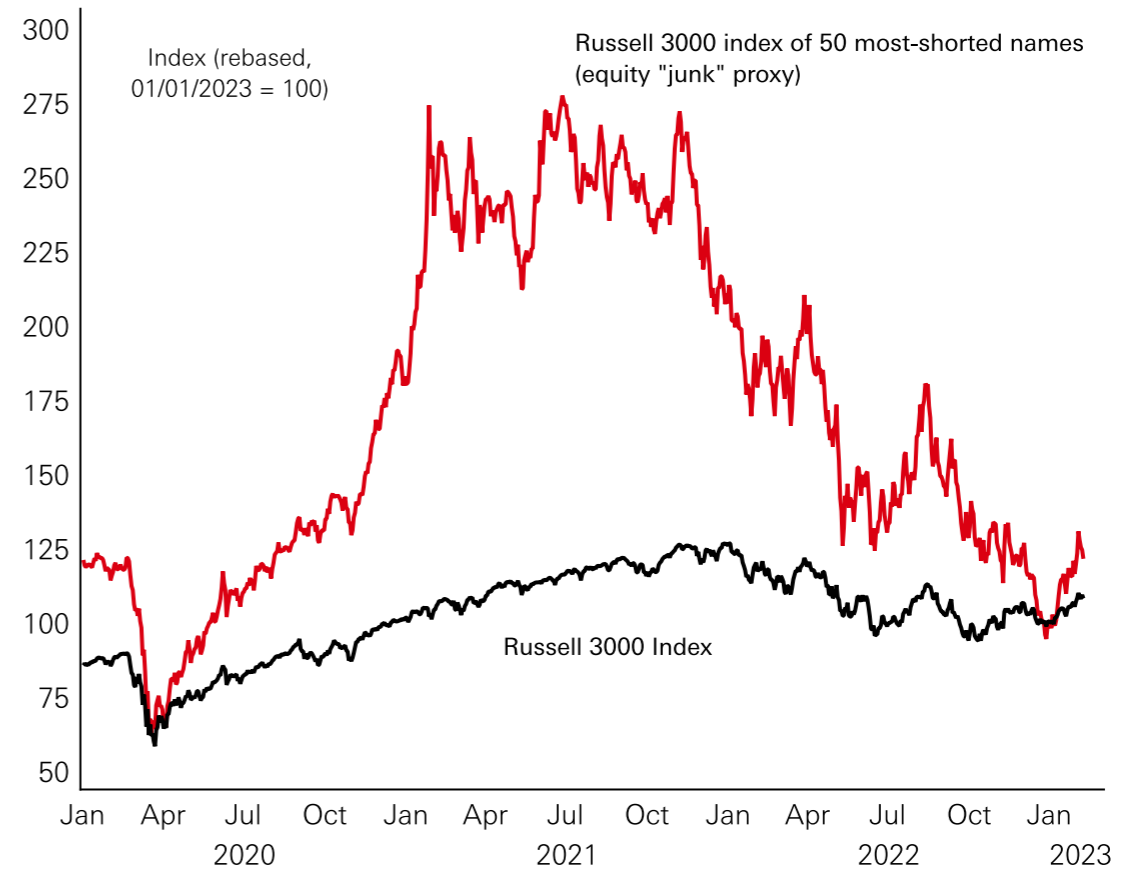
Risk assets have been correlated to rates vol over the past year



Bearish sentiment peaked at the turn of the year

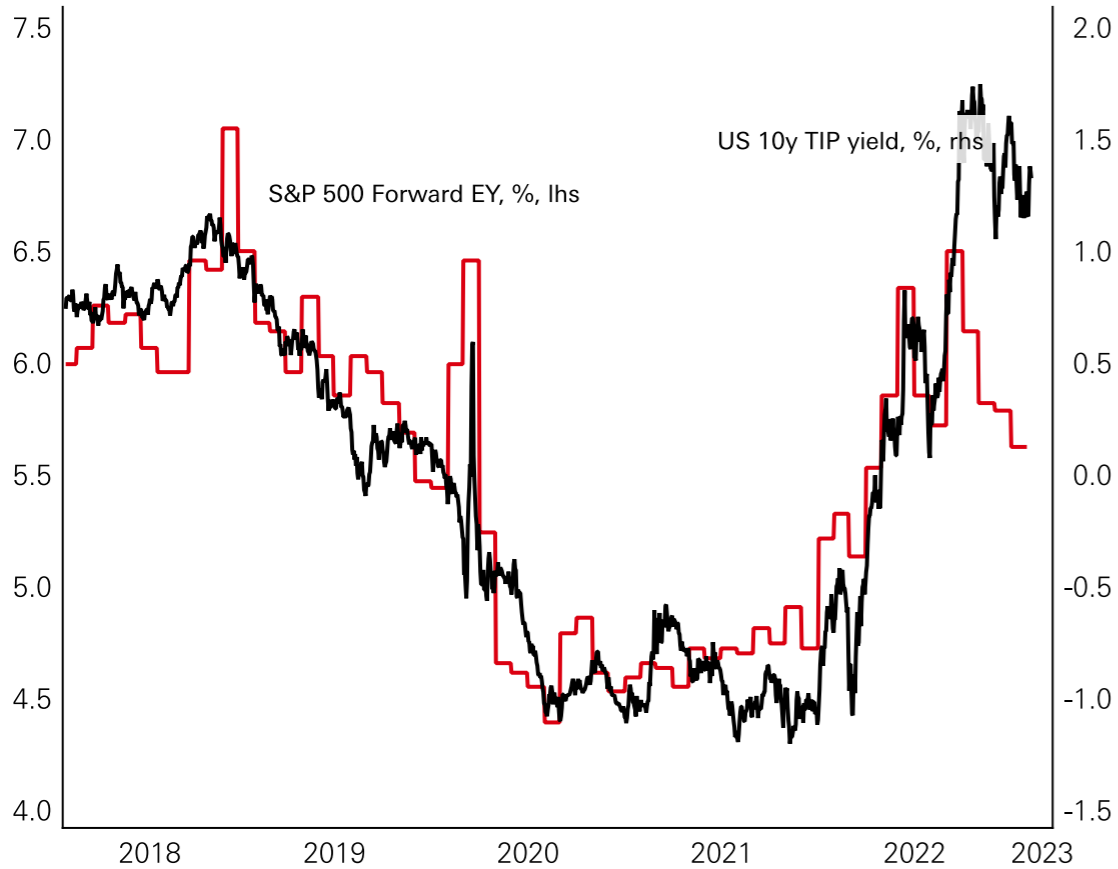


A 'hated' Rally!

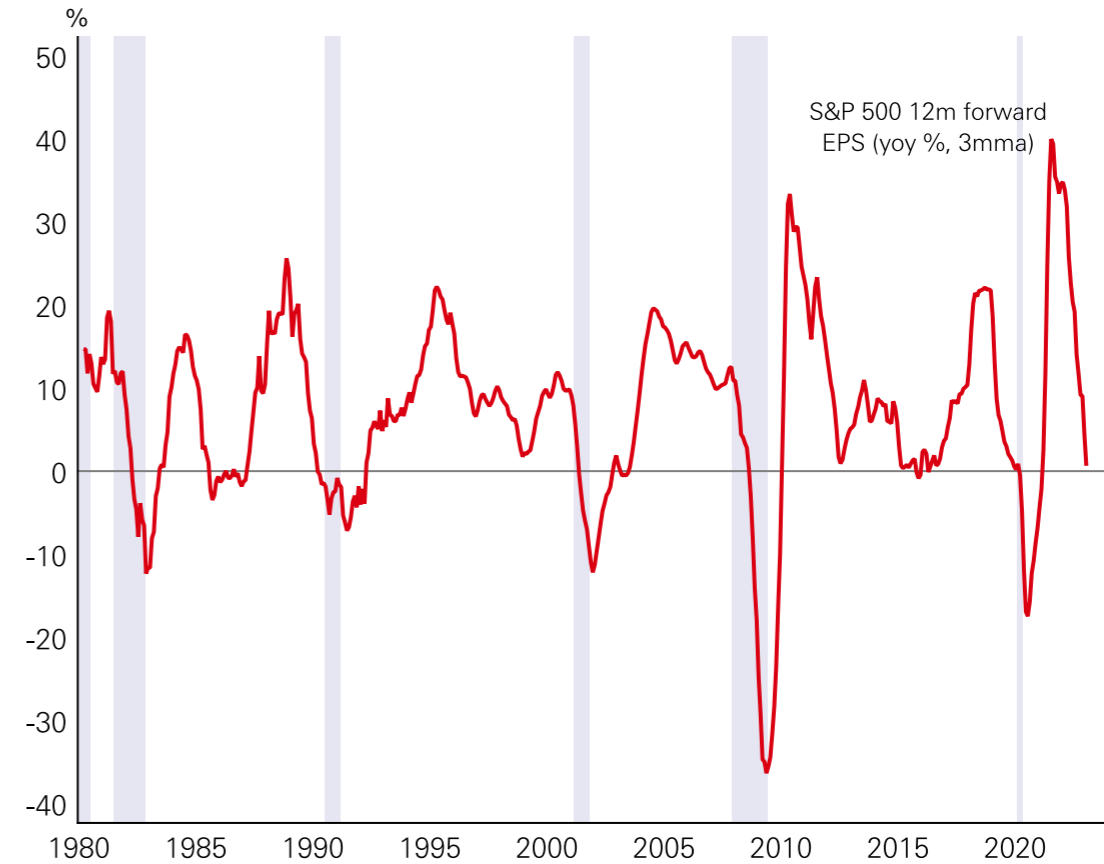


3. Passt die Bewertung?

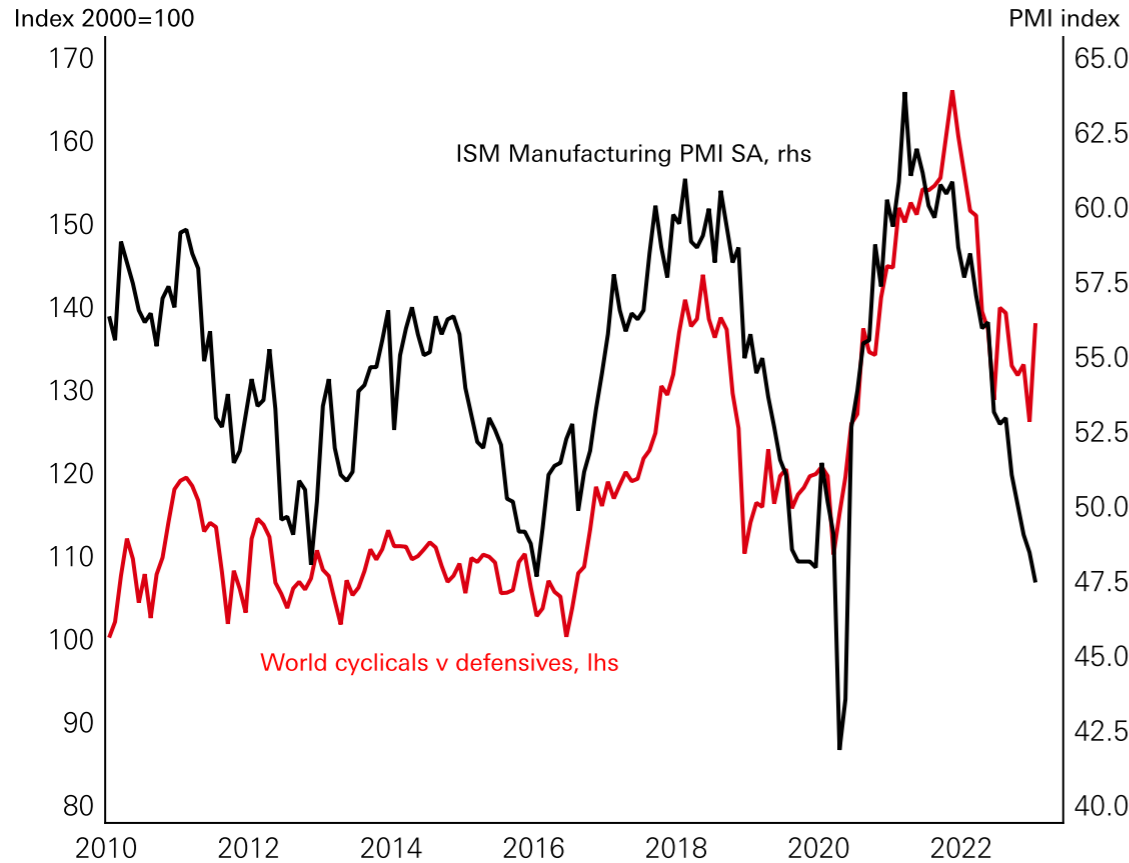
Current multiples are disconnected from real yields



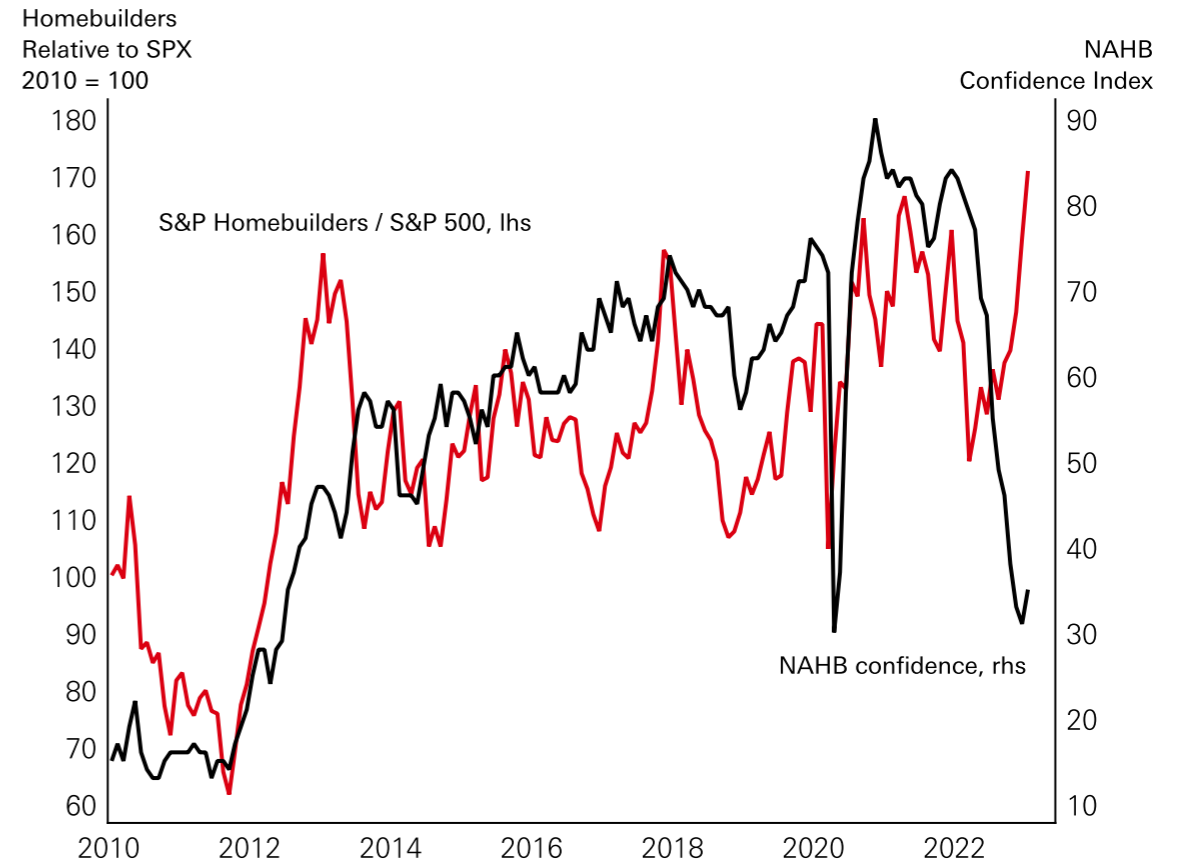
Scope for EPS downgrades as recession comes into view



Cyclical stocks have outperformed macro indicators



Housing stocks very disconnected from property slowdown



3. Schlussgedanken

House views summary (12 month horizon)

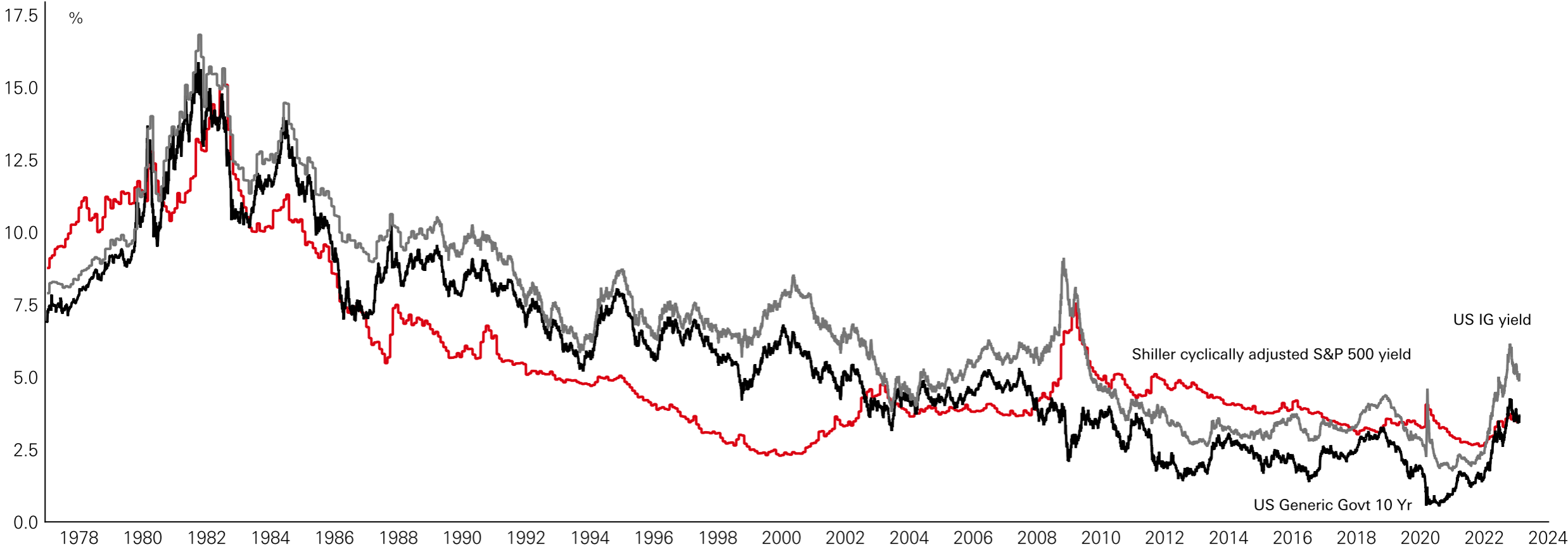
Macro Scenario		Government Bonds		Corporate Bonds		Equities		FX & Alternatives	
Factor	House view	Asset Class	House view	Asset Class	House view	Asset Class	House view	Asset Class	House view
Risk budget	↔	Global bonds	↔▲	Global investment grade (IG)	↔▲	Global	↔	US Dollar (DXY)	↔▼
Growth	↔	US 2yr	▲▲	USD IG	↔▲	US	↔▲	EUR	↔▲
Rates	↔▲	US 10yr	↔▲	EUR IG	▲	UK	▼	GBP	↔▲
EM factor	↔▲	UK 2yr	↔▲	GBP IG	↔	Eurozone	▼	EM FX	↔▲
		UK 10yr	↔	Asia IG	▲	Japan	↔	Asia FX	↔▲
		German 2yr	↔▼	Global high-yield	↔▲	GEM	▲	CNY	↔
Policy Rates	Peak rate	German 10yr	↔▼	US high-yield	↔▲	Asia ex Japan	▲	JPY	↔▲
US	5-5.5%	Euro Periphery	▼	Europe high-yield	▲	China A	▲	Commodities	▲
UK	4.00%	Asia inc. China	↔	Asia high-yield	↔▲	Hong Kong	▲	Gold	▲
Europe	2.50%	Japan	▼	Other credits	↔▲	India	▼	Oil	▲
China	2.75%	Global ILBs	↔▲	EM Sovereigns	↔▲	ASEAN	↔	Copper	▼
		EM (local currency)	↔▲	EM Corporates	▲	Latam	▼	Alternatives	
				Securitized Credit	↔▲	Frontier	↔▲	Hedge Funds	▲
						Equity Factors		Infrastructure	▲
						Value	↔	Real Estate	▲
						Growth	↔	Natural capital	▲▲
						Cyclicals	▼	Private Equity	↔
						Defensives	▲	Venture capital	↔
						Quality	▲	Crypto assets	↔

Key to views

- ▲▲▲ Max Positive
- ▲▲ Positive
- ▲ Positive Bias
- ↔ Neutral
- ↔/▲ Neutral/Positive bias
- ↔/▼ Neutral/Negative bias
- ▼ Negative Bias
- ▼▼ Negative
- ▼▼▼ Max Negative

Source: HSBC Asset Management, November 2022. The views expressed are those of HSBC Asset Management, they were held at the time of preparation, and are subject to change. House view represents a >12-month investment view across major asset classes in our portfolios

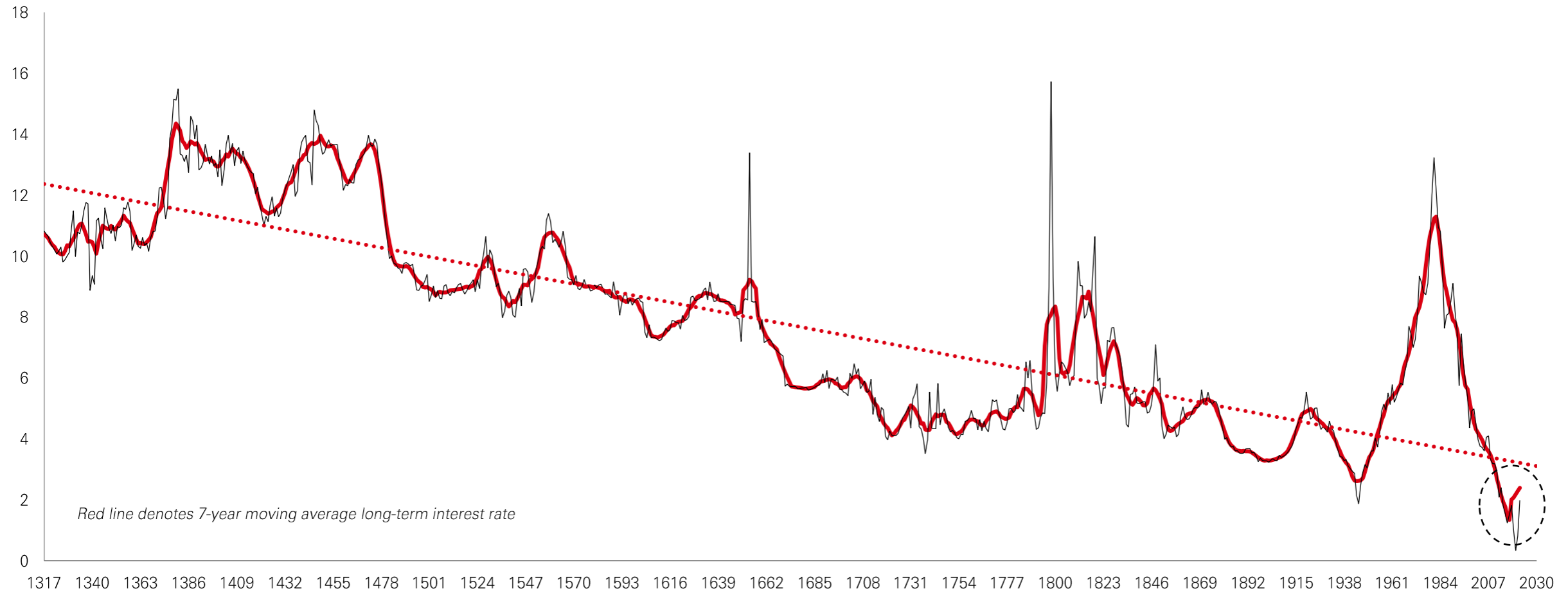
Shiller



Past performance is not a reliable indicator of future performance. Source: Bloomberg, HSBC Asset Management, February 2023. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

700 years of interest rates

Global GDP weighted nominal long-term interest rates %



Red line denotes 7-year moving average long-term interest rate

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