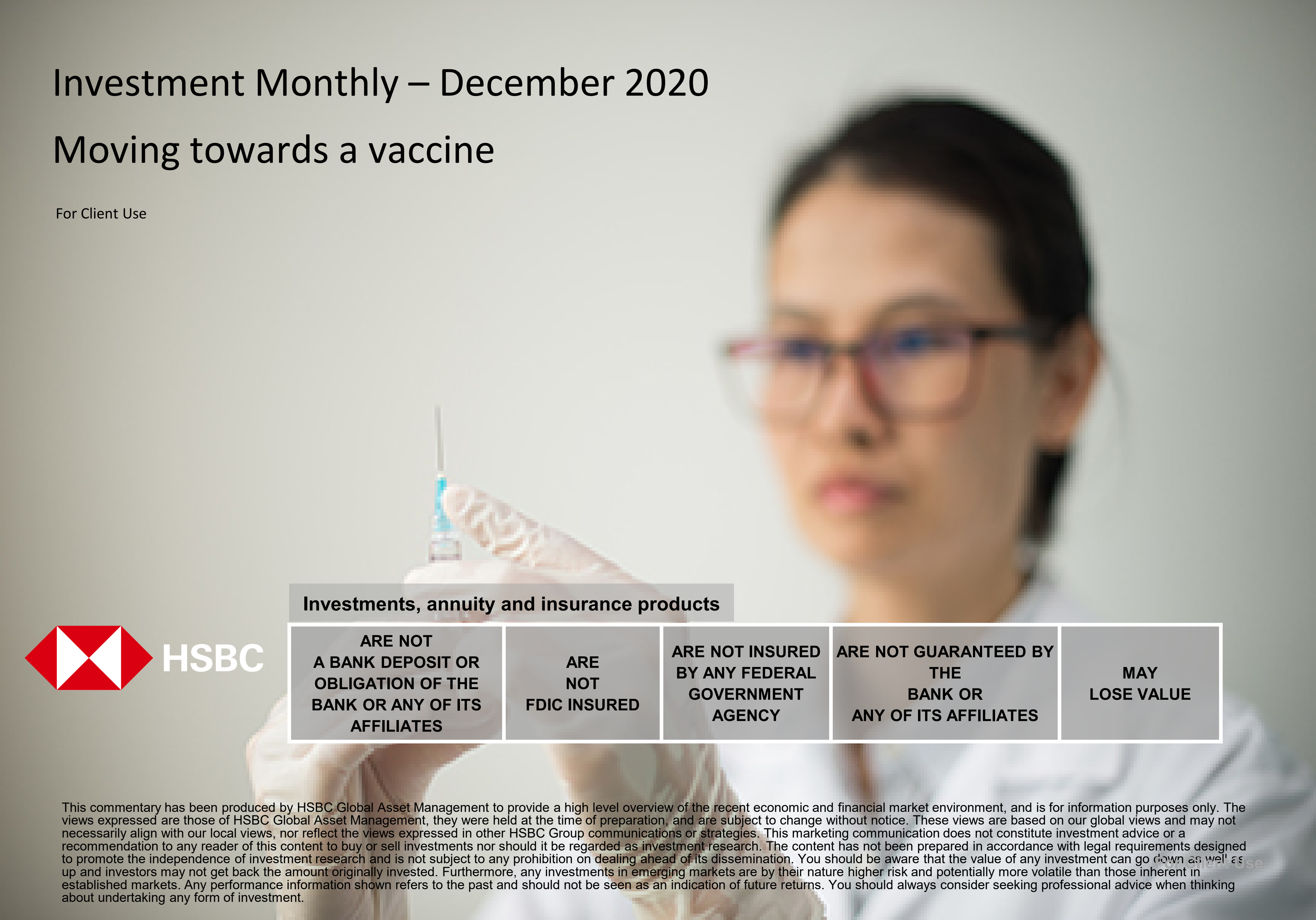

Investment Monthly – December 2020

Moving towards a vaccine

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Investments, annuity and insurance products

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Summary

Macro Outlook

- After the initial surge, growth is now set to moderate as economies enter the next phase of the recovery: the "**flatter part of the swoosh"**
- There are relative winners (China, industrialised Asia) and relative losers. **Europe faces a double-dip recession** on the back of more stringent measures to control a pronounced second wave of Covid
- Recent events have reduced key uncertainties around US politics and chances of an effective vaccine. We are reaching **the end of the age of uncertainty**
- The global economy needs ongoing policy support. There is **little risk of inflation** in the near term

Policy outlook

- Global central banks have rapidly expanded balance sheets since March to maintain the flow of credit & accommodate fiscal easing. The Fed has moved to average inflation targeting which implies **"lower for even longer" rates.**
- The European Central Bank (ECB) has indicated it expects to **increase policy support** at its December monetary policy meeting given the hit to growth from the Covid second wave. The Bank of England (BoE) boosted its QE programme by GBP150bn in November
- The **broadening recovery in China** and financial stability concerns mean that the People's Bank Of China (PBOC) remains focused on targeted micro measures and fine-tuning
- Globally, debt/GDP ratios have moved out 20-30% points post-Covid. There is a significant **risk of a fiscal policy error** if stimulus is withdrawn too early

House View

- Pricing out of key uncertainties and signs of bottoming profits are supporting market sentiment. **Odds of a reflationary scenario have increased**
- However, recent strong market gains means that **expected returns are lower for longer**
- We think equity markets that have been the laggards this year can perform well in a recovery narrative. **We are upgrading EM ex Asia and UK equities and maintaining an overweight view on eurozone equities**
- Evidence is building that bonds are losing their hedging properties and other potential diversifiers have also disappointed recently. **We think investors should expand the opportunity set to find new diversifiers**

Key Risks

Fiscal policy error	Vaccine complacency or stimulus fatigue could mean that policy support is withdrawn too early
Lost momentum	Bad news on the virus could damage growth momentum, allowing scarring effects to dictate macro trends
Animal spirits	Earlier availability of vaccine or greater-than-expected policy support could boost animal spirits

Source: HSBC Global Asset Management, Global Investment Strategy, December 2020. The views expressed are those of HSBC Global Asset Management, they were held at the time of preparation, and are subject to change.
Please refer to Basis of Views and Definitions section for additional information

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House view

We are now more positive on equity markets exposed to the economic cycle that have lagged in their performance this year, including those in Europe and emerging markets outside of Asia. Expected returns have fallen throughout 2020 and we need to be realistic. Overall, we want to take risk where it is being best rewarded

- **Equities** – A reduction of political uncertainty and signs of a bottoming out of profits are supporting market sentiment. Odds of a reflationary scenario have increased, although strong gains already this year could limit upside potential
- **Government bonds** – Evidence is building that bonds are losing their hedging properties. Poor prospective returns and low yields cement the case for **diversifying portfolios into a wider set of alternative asset classes**
- **Corporate bonds** – Spreads have come down materially over the last few months. We are less positive on investment grade bonds, particularly longer-duration bonds where expected returns are lower

Equities

Asset Class	House view	View move
Global	▲	–
US	▲	–
UK	▲	↑
Eurozone	▲	–
Japan	↔	–
Emerging Markets (EM)	▲	–
CEE & Latam	↔	↑

Government bonds

Asset Class	House view	View move
Developed Market (DM)	▼	–
US	▼	–
UK	▼	–
Eurozone	▼	–
Japan	▼	–
EM (local currency)	▲	–

Corporate bonds

Asset Class	House view	View move
Global investment grade (IG)	▼	↓
USD IG	▼	↓
EUR & GBP IG	▼	↓
Asia IG	▲	–
Global high-yield	▲	–
US high-yield	▲	–
Europe high-yield	↔	–
Asia high-yield	▲	–

Alternatives

Asset Class	House view	View move
EM aggregate bond (USD)	↔	–
Gold	↔	↓
Other commodities	↔	↓
Real estate	↔	–

Asian assets

Asset Class	House view	View move
EM Asian government bonds (USD)	▼	–
Asia ex-Japan equities	▲	–
China	▲	–
India	▲	–
Hong Kong	▲	–
Singapore	▲	–
South Korea	▲	–
Taiwan	▲	–

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Overweight
↔ Neutral
▼ Underweight

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

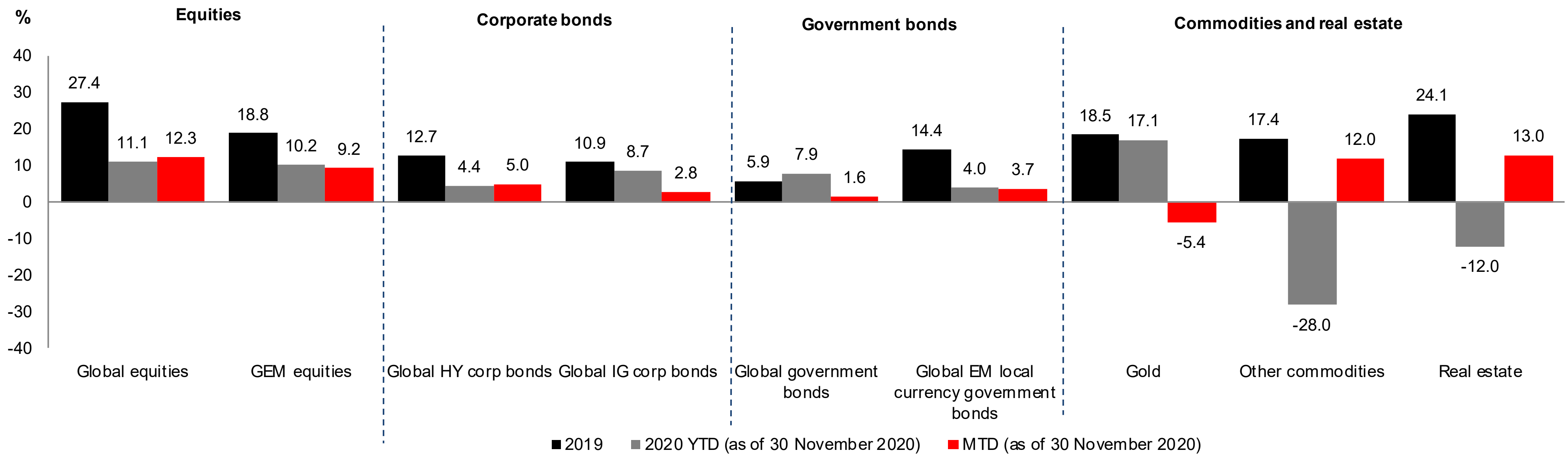
Source: HSBC Global Asset Management, as at December 2020, and subject to change. The views expressed are those of HSBC Global Asset Management, they were held at the time of preparation, and are subject to change.
Please refer to Basis of Views and Definitions section for additional information

Asset class performance at a glance

Global equities rallied in November on the back of positive vaccine news, boosting the global economic outlook

- **Government bonds** – US Treasuries edged higher over the month (yields fell) as the prospect of a split Congress diminished expectations of major US fiscal stimulus; European peripheral bonds rallied amid upbeat risk appetite and as investors anticipated further ECB stimulus measures
- **Commodities** – Oil prices rallied on vaccine optimism, and expectations of improving demand conditions in 2021

Past performance is not an indication of future performance



Note: Asset class performance is represented by different indices

Global Equities: MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities**: MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return Index unhedged. **Government bonds**: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. **Commodities and real estate:** Gold Spot $/OZ/ Other commodities: S&P GSCI Total Return CME. **Real Estate**: FTSE EPRA/NAREIT Global Index TR USD

Source: Bloomberg, all data above as of close of 30 November 2020 in USD, total return, month-to-date terms

Please refer to Basis of Views and Definitions section for additional information

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Base case views and implications

	Monthly macroeconomic update	Base case view and implications
US	◆ Data on personal spending, capital goods shipments and home sales has been strong ◆ Nevertheless, signs of weakness have emerged in personal income and initial jobless claims data amid still high Covid case growth ◆ This puts pressure on Congress to deliver another fiscal support package, although progress is unlikely before year-end	◆ **US equities** remain attractive given their exposure to tech and quality stocks. Cyclical parts of the market (smaller to medium-sized companies and in the financial, industrial and materials sectors) could benefit from a strong vaccine-led recovery in 2021 ◆ Prospective returns for **US Treasuries look** low but remain attractive versus other government bond markets. Meanwhile, a "lower-for-even-longer" rate regime limits the risk of higher yields
Europe	◆ A wave of recent national lockdowns across Europe is likely to result in a double-dip recession in Q4. The **UK** faces additional headwinds from Brexit ◆ Despite near-term economic headwinds, Europe is well placed to benefit from its access to vaccines in 2021. Activity should rebound strongly over the year	◆ Despite near-term economic challenges, we believe an overweight stance on **European equities** remains justified due to regional indices exposure to cyclical sectors that can perform well in 2021 ◆ **European government bond** valuations are very unattractive and we think their diversification properties are limited
Asia	◆ China is expected to remain a cyclical outperformer, with the services sector taking the reins in terms of growth. The potential for more stable US-China relations is also a positive for the outlook ◆ **India's** economic activity appears to be gradually returning to pre-Covid levels, as reflected in various high-frequency indicators, but service sector activity continues to lag ◆ **Japan** is well positioned for a strong recovery in 2021 given its favourable access to vaccines and scope for a rebound in global trade amid easing trade tensions	◆ A rapid rebound in economic activity supports our overweight view on **China equities**. We continue to prefer **Asian EM equities** to other EM markets and retain our overweight view ◆ Despite macro challenges, our overweight stance on **Indian equities** is still warranted amid a decent economic recovery, a record monsoon, and tailwinds from landmark reforms ◆ **Japanese equities** are attractively valued but we think there are challenges in unlocking this value potential. We remain neutral
Other EM	◆ **Brazil's** economy staged an impressive rebound in Q3, but more recently the pace of recovery has slowed as the government winds down fiscal support measures ◆ **Russian** activity data for October suggest that the recovery stalled at the start of Q4. The economy is likely to struggle in the coming months amid tightening virus restrictions ◆ Recovery prospects in **MENA** are constrained by low oil prices, weak tourism flows, and limited government fiscal support (Saudi Arabia has already introduced some austerity measures). Geopolitical risks also remain	◆ We still think it makes sense to be selective on **EM assets** ◆ We believe investors should look for "EM fortresses" that can be resilient to multiple headwinds. For us, the bright spot remains North Asia which benefits from exposure to mainland China ◆ Nevertheless, we think there is scope for markets in **EM ex Asia** that could perform well in the coming months given their recent underperformance, attractive valuations, and a rebound in global growth in 2021 as vaccines are rolled out. We upgrade to neutral

Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change

Please refer to Basis of Views and Definitions section for additional information

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Asset class positioning

Equities

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Overweight
↔ Neutral
▼ Underweight

View move:
— No change
↑ Upgraded versus last month
↓ Downgraded versus last month

Asset class	House view	Rationale	Risks to consider
Global	▲ —	Global growth prospects have materially improved on the back of recent vaccine developments. Substantial policy easing has reduced downside tail risks, while global geopolitical uncertainty is beginning to edge lower	There is still uncertainty about the timeline around vaccine rollouts and thus the speed of the recovery. Policy mistakes are also possible, including a premature withdrawal of fiscal support. Higher government bond yields also pose a risk to current pricing
US	▲ —	US indices' exposure to big tech companies and quality names is beneficial in our view. Cyclical parts of the market could benefit from fresh government stimulus measures and an economic rebound in 2021	Signs that a rapid recovery is beginning to be priced in implies a fairly high hurdle for positive surprises. There is a risk of fiscal policy under-delivery
UK	▲ ↑	An improving global economic outlook is likely to benefit UK indices' heavy exposure to cyclical sectors which have lagged in their performance this year. The UK is likely to have favourable access to vaccines in 2021	Macro headwinds from the virus remain considerable in the near term, with downside risks from a no-deal Brexit and premature withdrawal of fiscal policy support
Eurozone	▲ —	Eurozone equities have been a major laggard in 2021, but can benefit from a year of recovery in 2021	Eurozone growth is structurally weak. There is potential for government pressure to maintain low dividends during the crisis. Appetite for further fiscal policy support may also be waning
Japan	↔ —	Japanese equities are attractively valued but we think there are challenges in unlocking this value potential. Economic growth is structurally weak and Bank of Japan policy space is constrained	Japan's export sector is vulnerable to the fragile global economic environment. More positively, Japanese companies benefit from a strong balance sheet position
Emerging Markets (EM)	▲ —	In our view, the outlook for EM asset classes has improved on the back of vaccine developments, and dollar liquidity conditions. The bright spot is EM Asian markets which can benefit from China's V-shaped recovery	From a valuation perspective, EM equities in aggregate are not particularly cheap versus other equity markets. The principal risk is around a loss of recovery momentum and the direct/indirect effects of the virus
CEE & Latam	↔ ↑	EMs outside of Asia can perform well in a recovery narrative, especially after their recent underperformance. The pace of vaccine rollout in these countries will be a key factor to monitor in 2021	Near term macro challenges remain substantial amid ongoing virus transmission and low commodity prices. There is uncertainty over the speed of vaccine rollout in 2021

Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change
Please refer to Basis of Views and Definitions section for additional information

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Asset class positioning

Government Bonds

Asset class	House view	Rationale	Positive factors to consider
Developed Markets (DM)	▼ —	Government bond prospective returns look very low. Governments are increasingly dependent on targeted fiscal measures to support growth, which may deteriorate the diversification properties of bonds	Current policy settings mean that bond prices are unlikely to be volatile or result in a sharp jump in yields
US	▼ —	Prospective returns are very low. The US government remains in fiscal policy loosening mode. There is uncertainty if Treasuries can act as an effective diversifier asset	Valuations look attractive versus other government bond markets. Disappointing economic data or pandemic news could see a further rally. Low inflation and a “lower-for-longer” interest rate outlook should help cap yields
UK	▼ —	Prospective risk-adjusted returns continue to look very poor to us. The UK government’s borrowing requirements remain substantial	The Bank of England has introduced supportive policy measures and signalled it is ready to do more should the situation further deteriorate
Eurozone	▼ —	Valuations look unattractive and governments are issuing high levels of fresh debt. The Covid crisis has highlighted limited diversification benefits	The ECB has significantly ramped up its bond-buying programme and signalled it is ready to do more. Periphery spreads could tighten further on the back of the EU recovery fund
Japan	▼ —	Japanese government bonds (JGBs) are overvalued, in our view	The “Yield Curve Control” framework should limit volatility. The risk of significantly higher yields in the near-term is very limited

Asset class	House view	Rationale	Risks to consider
Emerging markets (EM) local currency	▲ —	Prospective returns are relatively high, although this is mainly due to declines in most EM currencies. The potential for a weaker dollar in 2021 supports the outlook for this asset class	Bond yields are at historical lows. Diverging economic impacts from the spread of Covid-19 along with different political regimes in the EM universe also mean that being selective is key

Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change.
Please refer to Basis of Views and Definitions section for additional information

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Asset class positioning

Corporate Bonds

Asset class	House view	Rationale	Positive factors to consider
Global investment grade (IG)	▼ ↓	Spreads have come down materially over the last couple of months. Prospective returns have become unattractive, particularly for longer-duration bonds. We maintain a defensive positioning	Spreads are likely to remain tight on the back of ongoing central bank purchases and the prospect of a strong economic growth recovery in 2021. We are more positive on shorter-duration bonds
USD investment grade	▼ ↓	Valuations are relatively unattractive, especially for longer-duration bonds. US IG may come under pressure from any unexpected worsening of corporate fundamentals. US Covid-19 case growth remains high	The Fed is backstopping the market and the US government has introduced measures to support businesses. US corporate fundamentals are broadly robust
EUR and GBP investment grade	▼ ↓	Moody's expected a sharp rise in default rates in 2020 even before the outbreak of Covid-19. It will be important to monitor trends in corporate fundamentals	The ECB and the Bank of England (BoE) could ramp up their purchases of corporate bonds amid ongoing growth and inflation challenges. Europe is likely to benefit from favourable access to vaccines in 2021 supporting the recovery

Asset class	House view	Rationale	Risks to consider
Asia investment grade	▲ —	There is a valuation gap versus DM counterparts, while Asian corporates may outperform due to growth outperformance in the region. USD weakness is a positive for corporates with USD denominated debt	Pockets of issuers remain vulnerable to the Covid-19 crisis. A focus on quality issuers remains important
Global high-yield	▲ —	Valuations still look reasonable despite high default rates, and income return is relatively attractive. Fed and ECB actions are supporting the market. We continue to prefer Asia credits to DM	It will be crucial to monitor any spillover from the struggling energy sector to the wider market. We advocate a defensive positioning, looking for higher quality issuers, and avoiding vulnerable sectors
US high-yield	▲ —	Prospective risk adjusted returns are consistent with our overweight position. The Fed has enacted measures to support the market	US HY credits remain vulnerable to the corporate profits and default outlook. Low oil prices pose a significant headwind to energy names
Europe high-yield	↔ —	Monetary policy is ultra-accommodative, with the ECB introducing measures to support the market. However, valuations are consistent with a neutral position.	Underlying corporate fundamentals are fragile in the current environment while default rates are picking up. European political risks remain
Asia high-yield	▲ —	Asia HY can benefit from policy support in China and an emerging V-shaped recovery in Asia. Default rates should remain low and spreads look attractive relative to other global opportunities	Many export-dependent Asian economies are vulnerable to the fragile global growth picture. China's economy and default rates need to be monitored closely

Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change
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Asset class positioning

Alternatives

Asset class	House view	Rationale	Risks to consider
EM aggregate bond (USD)	↔ —	Valuations are consistent with a neutral position. Near-term macro and virus headwinds are offset by a brightening longer-term outlook amid vaccine rollout and a rebound in global growth	The near-term outlook remains challenging for EM economies and corporates. Many have limited fiscal and monetary power while their healthcare systems are weak. Defaults are expected to increase
Gold	↔ ↓	Gold has performed very well this year amid elevated uncertainty and lower real interest rates. The environment of "lower-for-even-longer" interest rates remains a very favourable backdrop. Gold can also offer reasonable diversification benefits to multi-asset portfolios in a world of low bond yields and where bonds are potentially losing their diversification properties However, further upside could be limited as economies recover, geopolitical tensions ease, and uncertainty falls	Higher bond yields, a stronger US dollar, and a reduction in global economic and geopolitical uncertainty remain key risks
Other commodities	↔ ↓	Copper and other industrial commodities could benefit from a rollout of vaccines and a rebound in global growth in 2021. USD weakness would also be a tailwind. Cuts to miners' exploration budgets and Covid-19 related disruptions also mean that new supply is limited. However, valuations are consistent with a neutral positioning, with futures curves such as those for oil now upward sloping (implying a cost to renewing contracts over time)	In the near term, spot commodity prices remain vulnerable to the fragile global economy and the risk of further Covid-19 lockdowns
Real estate	↔ —	Having lagged wider equities at the start of the pandemic, real estate equities rebounded strongly on news of successful vaccine trials. Despite recent outperformance, dividend yields from the sector still offer a significant premium over wider equities and developed market government bonds. For investors able to accept continued high volatility, we believe prospective long-run returns imply a sufficiently attractive premium over extremely low policy rates	The impact of Covid-19 continues to vary by country and sector. Sectors such as leisure, entertainment and many parts of the retail market are particularly exposed in countries experiencing coronavirus restrictions. Other property types, such as warehousing/logistics, are experiencing healthy demand and rent collection rates remain high. Successful roll-out of vaccines could lead to a strong rebound in sectors that have suffered most from the pandemic. Brexit concerns continue to overshadow the UK

Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change
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Asset class positioning

Asian assets

Asset class	House view	Rationale	Positive factors to consider
EM Asian government bonds (USD)	▼ —	While a cautious Fed in the US is positive for the asset class, Asian bond spreads look particularly tight compared with other EM regions, reducing their relative attractiveness	From a long-term perspective, we believe sound economic fundamentals, stable inflation and credit quality are supportive

Asset class	House view	Rationale	Risks to consider
Asia ex-Japan equities	▲ —	North Asia is "first-in-first-out" of the crisis and continues to benefit from a V-shaped recovery in China. Valuations are reasonable and a tech sector bias remains favourable	It will be important to monitor that short-term action does not run too far ahead of fundamentals. The region is not immune to a global recession or US-China political tensions
China equities	▲ —	China's economic recovery is strong and broadening out across sectors that have lagged (e.g. services). The dual circulation strategy and focus on quality growth create long-term structural growth opportunities	Policy normalisation could mean less of a liquidity boost to the market and potentially higher financing costs for Chinese corporates; uncertainty over US-China relations, particularly in technology industries, remains an overhang
India equities	▲ —	Macro activity rebound supports an earnings recovery amid lower costs of capital. The prospect of an effective vaccine rollout is a potential tailwind (India is also a key manufacturing hub); focus on structural reforms	Elevated headline inflation, largely reflecting supply-side disruptions, limits monetary policy action. We see risks of economic scarring from the pandemic amid fiscal constraints and debt sustainability concerns
Hong Kong equities	▲ —	Hong Kong remains an attractive listing hub underpinned by greater primary and secondary market activity; the prospect of a vaccine rollout improves the outlook for border reopening; HK benefits from strong Chinese growth	The risk of prolonged international border restrictions due to global and local virus containments remains; substantial pandemic-related stimulus has narrowed fiscal policy space; HK is exposed to global demand/trade outlook
Singapore equities	▲ —	Singapore should see earnings upgrades and benefit from global rotation into cyclical sectors with the potential for a travel/tourism revival following vaccine rollout; the city state can attract higher FDI* amid regional supply chain shifts	Singapore is exposed to global growth uncertainty due to near-term difficult pandemic situation and the risk of prolonged international border restrictions. Domestic labour market slack has increased with fiscal impulse set to fade
South Korea equities	▲ —	Strong 2021 earnings growth is expected given Korea's robust recovery. Its global tech/digital leadership and policy efforts on sector diversification are tailwinds, Korea is a key RCEP beneficiary; valuations are attractive	Near-term risks from virus resurgence and tighter containment measures globally and domestically. Geopolitical tensions a potential overhang. The reconfiguration of tech supply chains presents risks and opportunities
Taiwan equities	▲ —	Taiwan's economic growth profile has been robust and benefits from a strong cyclical and structural tech story, with the recent recovery broadening beyond tech and supported by private-sector/government investment	Taiwan is exposed to global demand/trade (especially capex) uncertainty and geopolitical risks. It also faces risks of being marginalised/excluded from the regional trade pack and of deterioration in cross-strait relations

- Foreign direct investment. Source: HSBC Global Asset Management. As at 1 December 2020. The views expressed were held at the time of preparation, and are subject to change
- Please refer to Basis of Views and Definitions section for additional information

Market data

November 2020

Equity Indices	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World								
MSCI AC World Index (USD)	618	12.2	5.7	13.1	9.4	624	379	23.7
North America								
US Dow Jones Industrial Average	29,639	11.8	4.3	5.7	3.9	30,117	18,214	24.4
US S&P 500 Index	3,622	10.8	3.5	15.3	12.1	3,646	2,192	25.8
US NASDAQ Composite Index	12,199	11.8	3.6	40.8	36.0	12,245	6,631	39.2
Canada S&P/TSX Composite Index	17,190	10.3	4.1	0.9	0.7	17,971	11,173	23.3
Europe								
MSCI AC Europe (USD)	475	17.1	6.3	1.6	-2.3	492	307	22.0
Euro STOXX 50 Index	3,493	18.1	6.7	-5.7	-6.7	3,867	2,303	22.8
UK FTSE 100 Index	6,266	12.4	5.1	-14.7	-16.9	7,690	4,899	21.0
Germany DAX Index*	13,291	15.0	2.7	0.4	0.3	13,795	8,256	19.6
France CAC-40 Index	5,519	20.1	11.5	-6.5	-6.5	6,111	3,632	24.3
Spain IBEX 35 Index	8,077	25.2	15.9	-13.6	-13.6	10,100	5,815	35.2
Italy FTSE MIB	22,061	22.9	12.4	-5.2	-6.1	25,483	14,153	23.4
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	622	9.0	8.8	18.8	12.5	638	384	19.2
Japan Nikkei-225 Stock Average	26,434	15.0	14.2	13.5	11.7	26,852	16,358	25.6
Australian Stock Exchange 200	6,518	10.0	7.5	-4.8	-2.5	7,197	4,403	22.1
Hong Kong Hang Seng Index	26,341	9.3	4.6	0.0	-6.6	29,175	21,139	13.5
Shanghai Stock Exchange Composite Index	3,392	5.2	-0.1	18.1	11.2	3,459	2,647	15.6
Hang Seng China Enterprises Index	10,546	8.1	5.6	2.4	-5.6	11,502	8,290	10.0
Taiwan TAIEX Index	13,723	9.4	9.0	19.4	14.4	13,969	8,524	19.3
Korea KOSPI Index	2,591	14.3	11.4	24.1	17.9	2,649	1,439	19.0
India SENSEX 30 Index	44,150	11.4	14.3	8.2	7.0	44,825	25,639	27.5
Indonesia Jakarta Stock Price Index	5,612	9.4	7.1	-6.6	-10.9	6,349	3,912	22.2
Malaysia Kuala Lumpur Composite Index	1,563	6.5	2.5	0.1	-1.6	1,619	1,208	18.6
Philippines Stock Exchange PSE Index	6,791	7.4	15.4	-12.2	-13.1	7,892	4,039	25.7
Singapore FTSE Straits Times Index	2,806	15.8	10.8	-12.1	-12.9	3,284	2,208	19.1
Thailand SET Index	1,408	17.9	7.5	-11.5	-10.9	1,604	969	26.7
Latam								
Argentina Merval Index	54,573	20.5	16.5	58.2	31.0	56,114	22,061	43.3
Brazil Bovespa Index*	108,893	15.9	9.6	0.6	-5.8	119,593	61,691	51.6
Chile IPSA Index	4,033	13.9	7.1	-11.1	-13.6	5,001	2,851	22.5
Colombia COLCAP Index	1,258	10.7	3.5	-22.0	-24.3	1,682	881	15.2
Mexico S&P/BMV IPC Index	41,779	13.0	13.4	-2.4	-4.0	45,955	32,503	19.9
EEMEA								
Russia MOEX Index	3,108	15.5	4.8	5.9	2.0	3,227	2,074	12.0
South Africa JSE Index	57,092	10.5	2.9	3.1	0.0	59,105	37,178	13.8
Turkey ISE 100 Index*	1,284	15.4	19.0	20.1	12.2	1,352	819	11.1

*Indices expressed as total returns. All others are price returns

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 November 2020

Please refer to Basis of Views and Definitions section for additional information

Past performance is not an indication of future returns

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Market data (continued)

November 2020

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	6.1	11.1	15.0	29.5	67.3	1.9
US equities	4.5	16.0	19.3	45.7	90.4	1.6
Europe equities	6.7	0.6	4.6	7.7	29.2	2.5
Asia Pacific ex Japan equities	9.2	14.8	21.5	21.4	72.7	2.3
Japan equities	11.8	9.9	12.2	15.4	45.9	2.1
Latam equities	14.3	-23.0	-15.0	-11.7	31.2	2.8
Emerging Markets equities	9.7	10.2	18.4	15.5	66.4	2.1

All total returns quoted in USD terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Latam Total Return Index and MSCI Emerging Markets Total Return Index.

Bond indices - Total Return	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	596	0.6	0.9	5.0	5.3
JPM EMBI Global	917	3.7	1.9	6.0	4.0
BarCap US Corporate Index (USD)	3,545	2.8	2.3	9.8	9.4
BarCap Euro Corporate Index (Eur)	266	1.0	2.1	2.5	2.6
BarCap Global High Yield (USD)	535	4.5	3.1	6.0	3.6
BarCap US High Yield (USD)	2295	4.0	3.4	7.2	5.1
BarCap pan-European High Yield (USD)	491	4.3	4.1	4.4	3.0
BarCap EM Debt Hard Currency	460	3.3	1.8	7.0	5.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	227	1.3	0.7	6.0	5.6
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	283	2.2	-0.1	4.0	3.1

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 November 2020

Past performance is not an indication of future returns

Please refer to Basis of Views and Definitions section for additional information

For Client Use

Market data (continued)

November 2020

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2019
US Treasury yields (%)					
3-Month	0.07	0.09	0.09	1.57	1.54
2-Year	0.15	0.15	0.13	1.61	1.57
5-Year	0.36	0.38	0.27	1.63	1.69
10-Year	0.84	0.87	0.70	1.78	1.92
30-Year	1.57	1.66	1.47	2.21	2.39
Developed market 10-year bond yields (%)					
Japan	0.03	0.04	0.05	-0.08	-0.02
UK	0.30	0.26	0.31	0.70	0.82
Germany	-0.57	-0.63	-0.40	-0.36	-0.19
France	-0.33	-0.34	-0.10	-0.05	0.12
Italy	0.63	0.76	1.09	1.23	1.41
Spain	0.08	0.13	0.41	0.41	0.46

Commodities	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,777	-5.4	-9.7	21.4	17.1	2,075	1,452
Brent Oil	47.6	27.0	5.1	-23.8	-27.9	72	16
WTI Crude Oil	45.3	26.7	6.4	-17.8	-25.7	66	-40
R/J CRB Futures Index	160	10.6	4.5	-9.4	-13.8	188	101
LME Copper	7,580	12.8	13.7	29.3	22.8	7,709	4,371

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 November 2020

Please refer to Basis of Views and Definitions section for additional information

Past performance is not an indication of future returns

Market data (continued)

November 2020

Currencies (vs USD)	Latest	End of last mth.	3-mths Ago	1-year Ago	Year End 2019	52-week High	52-week Low
Developed markets							
DXY index	91.87	94.04	92.14	98.27	96.39	102.99	91.51
EUR/USD	1.19	1.16	1.19	1.10	1.12	1.20	1.06
GBP/USD	1.33	1.29	1.34	1.29	1.33	1.35	1.14
CHF/USD	1.10	1.09	1.11	1.00	1.03	1.11	1.01
CAD	1.30	1.33	1.30	1.33	1.30	1.47	1.29
JPY	104.3	104.7	105.9	109.5	108.6	112.2	101.2
AUD	1.36	1.42	1.36	1.48	1.43	1.81	1.35
NZD	1.43	1.51	1.49	1.56	1.49	1.83	1.42
Asia							
HKD	7.75	7.75	7.75	7.83	7.79	7.83	7.75
CNY	6.58	6.69	6.85	7.03	6.96	7.18	6.54
INR	74.05	74.11	73.62	71.74	71.38	76.92	70.52
MYR	4.07	4.16	4.16	4.18	4.09	4.45	4.05
KRW	1,106	1,135	1,188	1,181	1,156	1,294	1,103
TWD	28.57	28.58	29.41	30.51	29.99	30.54	28.46
Latam							
BRL	5.36	5.74	5.49	4.24	4.02	5.97	4.00
COP	3,597	3,865	3,741	3,517	3,287	4,237	3,239
MXN	20.18	21.18	21.89	19.53	18.93	25.78	18.52
ARS	81.31	78.32	74.18	59.91	59.87	81.39	59.39
EEMEA							
RUB	76.44	79.40	74.01	64.34	61.95	82.87	60.88
ZAR	15.47	16.24	16.94	14.67	14.00	19.35	13.93

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 November 2020

Please refer to Basis of Views and Definitions section for additional information

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Basis of Views and Definitions of 'Asset class positioning' tables

- Views are based on regional HSBC Global Asset Management Asset Allocation meetings held throughout **November 2020**, HSBC Global Asset Management's long-term expected return forecasts which were generated as **at 31 October 2020**, our portfolio optimisation process and actual portfolio positions.
- **Icons:** ↑ View on this asset class has been upgraded – No change ↓ View on this asset class has been downgraded.
- Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- "*Overweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- "*Underweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- "*Neutra*l" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 October 2020.**
- Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 November 2020**.

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