

HSBC China & India Equity Freestyle Fund - IAF

Monthly Factsheet

as of 31 March 2017

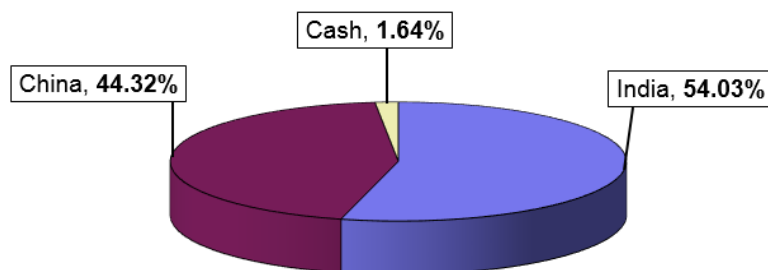
Profile

To provide capital appreciation through investing in a well-diversified portfolio comprising of shares in Indian and Chinese companies over a long period of five years and above .

Top Holdings (as of 1st valuation day of 1st Quarter 2017)

| Stock | Weight % |
|------------------------------|----------|
| Tencent Holdings Ltd. | 10 |
| Alibaba Group Holding Ltd. | 9 |
| China Mobile Ltd. | 6 |
| Infosys Ltd. | 6 |
| Baidu Inc. Sponsored ADR | 6 |
| Wipro Ltd. | 5 |
| Maruti Suzuki India Ltd. | 4 |
| HCL Technologies Ltd. | 4 |
| Oil & Natural Gas Corp. Ltd. | 3 |
| Emami Ltd. | 3 |

Fund Composition (as end of March 2017)



Contact Details

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Fund Details

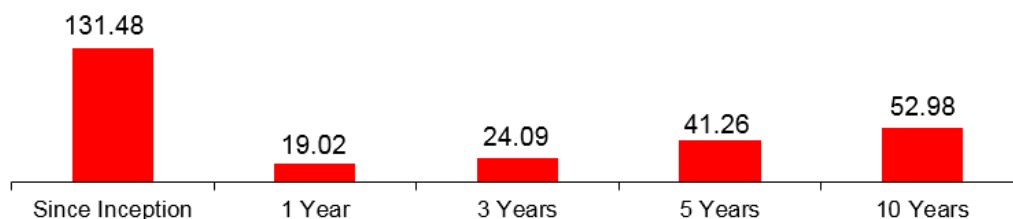
| | |
|-------------------------------|--|
| Fund Manager | HSBC Saudi Arabia Ltd. |
| Inception Date | 12 December 2005 |
| Inception Price | USD 10 |
| Fund Type | Open ended |
| Investment Policy | Freestyle Management |
| Base Currency of the Fund | US Dollar |
| Risk/Return Profile | High |
| Bloomberg Code | SABCHIN AB |
| Zawya Code | HSBCIEF.MF |
| Fund Size (USD) | 32 Million |
| Minimum Initial Investment | USD 2,000 |
| Minimum Additional Investment | USD 1,000 |
| Valuation Day | Monday & Thursday |
| Cut off Time | Before close of business; On Sunday for Monday valuation, and on Wednesday for Thursday valuation. |
| Redeemed Funds Payment | Four business days after valuation day |
| Annual Management Fee | 2.3% |
| Subscription Fee | Up to 2% |

1st Quarter 2017 Financial Indicators

| | |
|--|---------------|
| Percentage of Management fees and charges of 1Qtr17 to the average of the Fund's Net Asset Value | 0.6% |
| Amount & percentage of profits distributed in the 1 st Quarter | NA |
| Fund manager's investment and percentage to the AUM of the Fund as end of March 2017 | NA |
| Amount & percentage of 1Qtr17 dealing expenses to the Fund's average NAV | 9,475 (0.03%) |
| Percentage of borrowings to Fund's NAV as end of March 2017 | NA |

Performance as of 30 March 2017

| | Since Inception | 1 Year | 3 Years | 5 Years | 10 Years |
|--|-----------------|--------|---------|---------|----------|
| | % Chg | % Chg | % Chg | % Chg | % Chg |
| ■ HSBC China & India Equity Freestyle Fund | 131.48 | 19.02 | 24.09 | 41.26 | 52.98 |



| | 1st Qtr 17 |
|--------------------|------------|
| Standard Deviation | 1.23% |
| Sharpe Ratio | 10.91 |

Please note that the above figures refer to past performance and that past performance is not a reliable indicator of future results. The Fund was converted to a Shariah compliant fund on September 30, 2010. The performance data before that date refers to the performance of the conventional HSBC China and India Equity Freestyle Fund. The investment performance of the fund is calculated on a total return basis (i.e. with the cash dividend reinvested). The data is based on the last calculated NAV of the Fund for each month and the value of the benchmark on the corresponding day.

Fund manager comments

China

China's official (NBS) manufacturing PMI remained strongly expansionary in 1st Quarter of 2017 rising to 51.8 from 51.4 in December 2016. Historically, the March PMI tends to be quite strong, as factory production resumes after the Lunar New Year holiday. However, China's Caixin manufacturing PMI fell to 51.2 in March from 51.7 in February (Jan-Feb average 51.3). Most of the sub-indexes were lower in March, though still in the healthy territory. The softer Caixin manufacturing PMI stands in contrast to the rise in the NBS manufacturing PMI, which might imply divergent performance among different industrial segments, as the official PMI is heavily biased towards large SOEs while the Caixin PMI is more skewed towards the private-sector SMEs. PMI readings from both NBS and Caixin have implied firm activity growth overall. 4Q2016 Headline real GDP growth picked up to 6.8%yoy, while nominal GDP growth accelerated sharply to 9.4%yoy. Real GDP growth was slightly higher than market consensus. GDP by industry breakdown showed that the secondary industry growth accelerated notably in nominal terms in 4Q, driven by the improved corporate profitability.

India

Elevated concerns on the potential growth shock due to the demonetization exercise receded during the quarter, on the back of stable macro data indicators, as well as corporate earnings' results. The union budget for FY18 was announced in Feb. It appeared to be a well-balanced act on the fiscal front and serves to solidify the government's reform agenda in the longer term. The GDP reading for the quarter ended Dec 2016, surprised positively with a growth of 7% versus 7.4% recorded in the previous quarter. Given the impact of demonetisation, consensus expectation was building in a growth of only 6.1% and hence surprised on the upside. The RBI in its sixth bi-monthly monetary policy, kept the key policy rate unchanged at 6.25% (repo rate) and more importantly, the Central Bank changed its policy stance to neutral from an accommodative one earlier. In March, the BJP won a landslide victory in the assembly elections for the key state of Uttar Pradesh, an outcome that was keenly followed by the market participants, and which bodes well for the Govt.'s reform agenda.

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