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HSBC BECOMES THE FIRST INTERNATIONAL BANK TO DISTRIBUTE TRUST PLANS INVESTING IN HEDGE FUNDS IN MAINLAND CHINA

Enabling multi-asset allocation to diverge impact of market volatility

HSBC Bank (China) Limited (“HSBC China”) today announced the official distribution of private trust plans investing in hedge funds (onshore access fund) to its private banking clients, providing eligible investors with alternative investment options to achieve a more diversified asset allocation. HSBC is the first international bank in mainland China to distribute such plans to qualified investors, further expanding the scope of the bank’s wealth offerings.

As an alternative asset, hedge funds mainly invest in publicly traded stocks, bonds and financial derivatives, such as futures and options. Compared to traditional securities investment funds, hedge funds adopt more complex investment strategies and techniques, diversifying investors' stock and debt portfolios by utilising varied strategies beyond traditional investments. Therefore, hedge funds are suitable for qualified investors who are experienced and with certain risk tolerance levels. Boston Consulting Group expects alternatives to grow at an annual rate of 9% through 2026, at which point they will represent an estimated 19% of global assets under management¹.

Ying Wang, Head of Investment and Wealth Solutions, Wealth and Personal Banking, HSBC China, said: “The low correlation between alternative and traditional asset classes provides investors with a wide range of risk, return and diversification options with higher flexibility. Institutions and high-net-worth as well as ultra-high-net-worth investors are increasingly interested in alternative assets, especially hedge funds with diversified strategies. Hedge funds can be an effective tool for portfolio diversification, helping investors capture opportunities amid the current market volatility. Looking ahead, we shall select and onboard more alternative investment strategies from leading global and local partners to enrich our range of asset management products with investment targets including hedge fund, private equity, private debt and real estate fund.”

The newly launched private trust plan is issued by China Resources SZITIC Trust Company Limited, and the underlying fund is managed by Pinpoint Private Fund Management Limited. The HSBC Group has had more than 10 years of strategic collaboration with Pinpoint Group globally.

Jackie Mau, Head of Global Private Banking, HSBC China, said: “The deployment of alternative strategies is the latest step in enhancing our differentiated service capabilities since we launched a new model for our global private banking business in mainland China in the first half of the year. As high-net-worth and ultra-high-net-worth clients become more mature in their asset allocation approach, we expect their demand for alternative assets to grow. As the wealth management industry in China develops, alternative assets, including hedge funds, can further enhance the diversified asset allocation capabilities of foreign wealth managers. We will continue to see in-depth cooperation between foreign banks and asset management institutions in more areas, continuing to meet the need for a more diverse range of investment solutions.”

¹ Global Asset Management 2022, Boston Consulting Group

HSBC Group has deep experience in the alternative investments space, including a professional product selection mechanism and comprehensive due diligence capabilities, and has established long-term collaborative relationships with global leading managers of various strategies. HSBC Global Private Banking is well recognised in the industry, receiving numerous honours including being named the “Best Private Bank - Alternative Advisory” by Asian Private Banker for three consecutive years, and the “Best Alternatives Provider” by WealthBriefingAsia Greater China Awards multiple times.

HSBC China offers one of the most comprehensive wealth management investment solutions among foreign banks. The bank has a market-leading position in terms of Qualified Domestic Institutional Investor (“QDII”) quotas among banks, and is a provider of robust solutions for structured deposits. It is also a pioneer in distributing asset management plans investing in Qualified Domestic Limited Partnership (“QDLP”) and one-to-one private fund as an international bank in mainland China.

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Disclaimer: *The trust plans are NOT equivalent to deposits and involve risks. Investors should exercise caution in relation to the products. The trust plans are manufactured and managed by the trust companies, and distributed by the Bank. The distributor does not bear the responsibility for the investment, payment and risk management of the trust plans. The trust plans involve risks and in the worst case scenario, all principals could be lost. The investors must be qualified with at least two years of investment experience. Investors’ investment objectives and needs, financial status and other factors should be properly assessed before purchase of trust plans.*

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About HSBC Global Private Banking

As part of the HSBC Group, one of the world’s largest banking and financial services organisations, HSBC Global Private Banking seeks to be the leading international private bank for business owners and their families. It provides clients with wealth, business and family succession solutions in the largest and fastest growing markets around the world. HSBC Global Private Banking is the marketing name for the private banking business conducted by the principal private banking subsidiaries of the HSBC Group.

For more information, visit <https://www.privatebanking.hsbc.com/>

HSBC Bank (China) Company Limited

HSBC was one of the first foreign banks to locally incorporate its operations in mainland China, establishing HSBC Bank (China) Company Limited in April 2007. HSBC China’s network currently comprises about 150 outlets across more than 50 major cities. HSBC China’s head office is based in Pudong, Shanghai.

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