

# Strategic Investment Solutions (SIS)

Strategic portfolio of third-party investment managers



Global  
multi-asset



Multi-strategy



Strategic



Multi-  
manager

We believe it's impossible to consistently and accurately predict market movements or fluctuations, so we believe playing the long game – by investing and staying invested – is the best way to ensure you don't miss out. Every investment portfolio should be managed to a long-term investment plan, aligned with the investor's objectives and tolerance for risk, and that diversification is a key concept in order to achieve these.

SIS is a multi-asset solution which enables you to delegate the management of your investment portfolio to a professional investment manager, thus freeing you from the day-to-day burden of portfolio management which may deserve more time and attention than you are able to commit.

HSBC partners with SEI, a specialist asset manager with over 30 years' experience in analysing and building portfolios of third-party managers. The firm has over 100 investment professionals dedicated to manager research, analytics and portfolio construction.

SIS provides considerable strategic flexibility, allowing you to select the investment solution that matches your risk appetite and long-term investment goals. This is achieved using carefully constructed, globally diversified portfolios of equity and bond allocations with the added option of exposure to alternative investment strategies where they are suitable.<sup>1</sup>

This gives you a highly liquid, professionally managed, multi-manager investment portfolio.

<sup>1</sup> Investments take into consideration your stated investment objectives, willingness and ability to bear loss and your knowledge and understanding of products to ensure that they are suitable for you.

## Active Management: Long-term strategy with active manager selection

SIS is actively managed using a combination of an adaptable Strategic Asset Allocation (SAA), active manager selection, tactical adjustments and careful portfolio construction.

SIS, like all our multi-asset solutions is underpinned by our SAA. By carefully and continuously analysing asset classes around the globe, we form a view regarding their future expected returns. Our SAA encompasses what we believe is the optimal allocation to asset classes given certain risk allowances. Our SAA is therefore the foundation of your long-term investment plan and is the long-term 'anchor' of the portfolio we construct for you.

## Portfolio construction

Investment portfolios are constructed through strategically weighted allocations to sub-asset classes (Building Blocks). Each Building Block is its own individual fund structure managed by multiple investment managers.<sup>2</sup> Within these fund structures, SEI will typically allocate to multiple complementary managers, who are mandated to manage a pool of capital on behalf of SEI. This approach is known as manager-of-managers.

The managers used in these Building Blocks are often a combination of familiar globally-known brand names as well as smaller lesser-known boutiques; about 75% of these mandates

are exclusive and not available to the retail investor outside the SIS programme. They are designed either to access a manager's specific skills or to fulfil a distinct function for the Building Block. SEI's approach to Building Block design shapes the strategic positioning within each asset class. This underpins our focus on seeking to add value beyond asset class returns.

An additional cost benefit for investors is provided if SEI decides to replace a manager: they do not need to sell the full manager position as they would in a fund of fund structure. Instead SEI can simply instruct a manager to stop trading the underlying positions and then transition those holdings to the management of the new manager.

In addition to manager selection, SEI identifies and blends the different investment styles in each asset class Building Block to optimise the portfolio exposure tactically. This is an ongoing process and is done in conjunction with the disciplined approach to rebalancing.

The optional exposure to alternative investment strategies provides additional uncorrelated return streams within your portfolio.

## A tailored approach

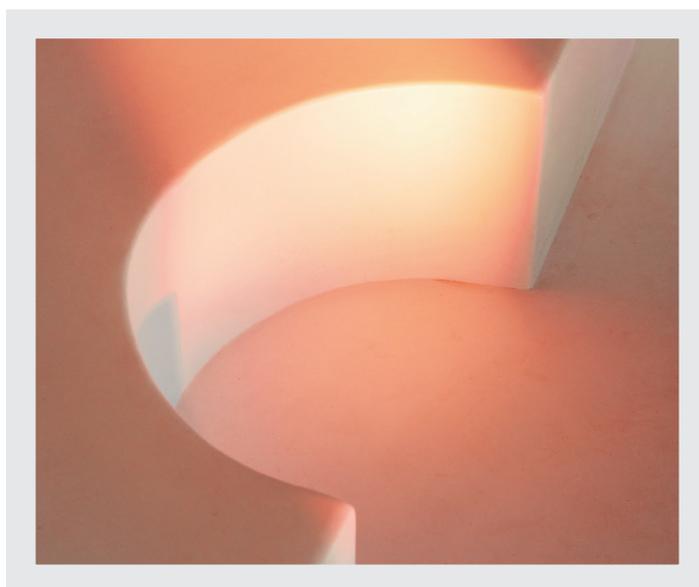
If you choose to create your individual SAA you can create a SIS Customised Strategy using the programme Building Blocks.

<sup>2</sup> When considering allocations to the sub-asset classes, the client's risk profile is taken into consideration.

### Strategy



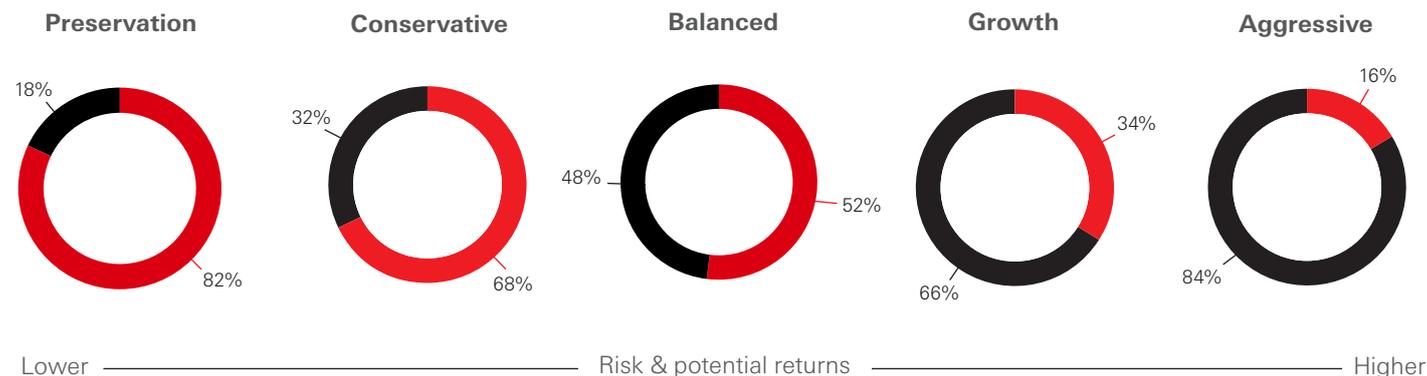
### Manager selection



## Investment strategies\*

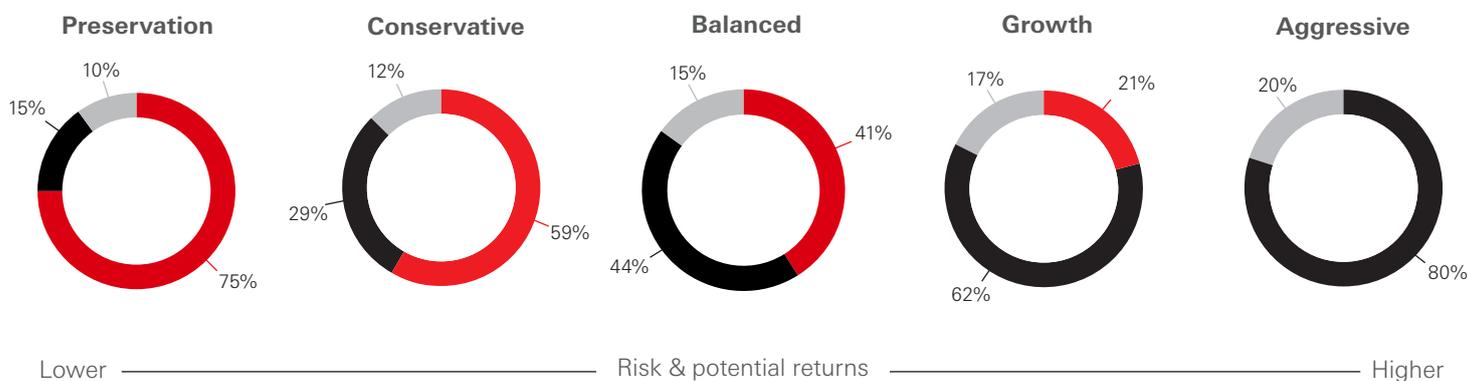
### USD without alternatives – Optimal I

◆ Fixed income ◆ Equity



### USD with alternatives – Optimal II

◆ Fixed income ◆ Equity ◆ Alternatives



This chart sets out the proposed allocation for the strategy as at April 2019. This is for information only and may not represent the actual construction of the resulting portfolio.

## Programme features

Geography	Global.
Investment strategies available	Preservation, Conservative, Balanced, Growth, Aggressive. Option with and without alternatives available for each profile.
Reference currencies (local availability may vary)	Global (USD unhedged), USD, USD (Hedged), EUR, GBP, GBP (UK bias), CHF, SGD (Hedged).
Minimum investment	USD 1,000,000 or currency equivalent.
Income distribution	Accumulating or Distributing.
Liquidity	Daily for all Building Blocks, monthly for fund-of-hedge-funds.

\* In addition we also offer pure fixed income or equity portfolios and the ability to create tailored asset allocations through the customised programme. These exclude alternatives.

\* For clients booked in the UK: Optimal II can only be marketed to clients who meet the NMPI exemption criteria.

**Speak to your Relationship Manager today to see how an SIS portfolio could benefit you.**

## Risk disclosures

This document is not intended to be read on its own. It must be read in conjunction with the pitchbook and other relevant documents before investors make (an) investment decision(s). Please request the pitchbook and other relevant documents if you do not already have them.

The following important points should be considered before investing. All investments should also be considered in light of your current strategy and your long-term objectives. A full list of risks is included in the pitchbook.

The list of risks is not exhaustive and includes: Investment risk, emerging market risks, currency risk, interest rate risk and liquidity risk. Equities carry general market risk and risks specific to the issuer. When actively managed, Investment Funds bear the risks related to the manager of the fund and its investment strategy, including the risks of the underlying assets or instruments they hold.

Alternative investments, such as private equity funds, hedge funds, real estate funds, and **Derivative instruments** are generally considered as high risk investments, and therefore intended for experienced and financially sophisticated investors who are willing and able to bear the risks associated with such investments.

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