the DCS funds

fund objective
To protect the absolute value of the investment by investing in deposits and other short-term money market instruments. The fund aims to perform in line with the benchmark.

fund facts
Launch date:
23 February 2007
Fund size:
£64.98m
Price per share:
188.40p
Current underlying fund(s):
Legal & General Cash Fund
Benchmark:
7 Day LIBID

Prior to 22 September 2008
1 Month LIBID

fund performance
<table>
<thead>
<tr>
<th>Rolling time period</th>
<th>3 months</th>
<th>6 months</th>
<th>1 year</th>
<th>3 year p.a.</th>
<th>5 year p.a.</th>
<th>Since launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>0.11%</td>
<td>0.21%</td>
<td>0.43%</td>
<td>0.45%</td>
<td>0.50%</td>
<td>14.26%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>0.11%</td>
<td>0.23%</td>
<td>0.46%</td>
<td>0.42%</td>
<td>0.42%</td>
<td>13.99%</td>
</tr>
<tr>
<td>Relative Performance</td>
<td>0.00%</td>
<td>-0.02%</td>
<td>-0.03%</td>
<td>0.03%</td>
<td>0.08%</td>
<td>0.27%</td>
</tr>
</tbody>
</table>

Past performance isn’t a guide to future performance. The figures are shown in sterling and have been calculated using actual returns since the introduction of the current DCS fund range.

Source: Morningstar, FIL Life Insurance Ltd. Single priced (i.e. no bid/offer spread), gross income reinvested and gross of fees. Indicative prices have been used if a portfolio valuation fell on a non-trading day.
market commentary

In the UK, the Bank of England (BoE) decided to leave interest rates unchanged, citing the weak growth outlook at home and abroad. The UK’s GDP grew by 0.6% in the fourth quarter, but there were signs of a slowdown as investments declined amid uncertainty surrounding the Brexit referendum in June. The UK’s trading position with the rest of the world also deteriorated sharply. Its current account deficit rose to £32.7 billion in the fourth quarter of 2015, equivalent to 7% of its GDP, up from 4.3% of its GDP in the third quarter. This raised fears about the sustainability of the UK’s economic recovery. BoE Governor Mark Carney stressed that a vote in favour of the UK exiting the European Union could have a negative impact on the UK, particularly on investment and household spending. Against this backdrop, sterling weakened against all major currencies. Meanwhile, the UK budget saw an aggressive downward adjustment to growth, but overall good progress on fiscal consolidation.

risk rating

All investments carry a level of risk. You need to decide how much of each type of risk you’re prepared to take. The table below gives an overview of some of the risks associated with this fund.

<table>
<thead>
<tr>
<th>risk type</th>
<th>description of risk</th>
<th>level of risk for this fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Risk</td>
<td>This is the risk that the value of your investments will fall. The younger you are, the less worried you might be about capital risk, because your investments have time to recover their value before your retire.</td>
<td>Very Low</td>
</tr>
<tr>
<td>Inflation Risk</td>
<td>This is the risk that the value of your investments will grow more slowly than prices rise. Inflation can be a problem for pension savings invested in cash funds particularly if the interest you’re earning is less than the rate of inflation.</td>
<td>Medium</td>
</tr>
<tr>
<td>Pension Conversion Risk</td>
<td>The price of an annuity changes on a regular basis. This means that the amount of income you can secure with the same amount of money will change. Pension conversion risk is the risk that the amount of income you can buy drops before you retire, because your money is invested differently to annuity funds. That’s why putting more of your DCS pension savings into bonds to try to match annuity prices as you get closer to retirement age can help protect against this risk.</td>
<td>Med</td>
</tr>
</tbody>
</table>

About the factsheet

It is important to remember that the price of units can go down as well as up. There’s no guarantee that you’ll get back the amount that goes into your DCS account. Changes in rates of currency exchange, particularly where overseas securities are held, could also affect the value of your investment.

All funds are provided through FIL Life Insurance Ltd and may invest in securities issued by or hold deposits with HSBC Holdings plc and associated companies.

Valuation time: Business days at 5:00pm (UK time)
Dealing Process: The cut off time for switch instructions is 2:00pm each business day.

Contact us

You can find more Scheme information at:
www.futurefocus.staff.hsbc.co.uk

If you have any questions contact the HSBC Administration Team at:
email: HSBCpension@towerswatson.com
phone: 01737 227 575

Issued March 2016

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