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## HSBC UNVEILS NEW INVESTMENT BUSINESS STRATEGY

HSBC is reorganising its investment management division to significantly increase the level of investment business conducted with its customers by delivering solutions that meet their needs, using in-house products when appropriate and 'open architecture' when required.

In the coming months, subject to legal and regulatory approval in all applicable jurisdictions, HSBC will create two new businesses:

- A global business called HSBC Investments (HIS), which will be the core investment platform of HSBC. HIS will deliver a full range of investment solutions, drawing on internal investment capabilities when appropriate and external managers when required. HIS will operate as a scale manufacturer of core ('beta'-based) products and as the aggregator of best in class ('alpha'-based) products through HSBC Multimanager
- A distinct specialist investment business is being created to deliver value-added sustainable performance ('alpha'). Its main areas of focus will be Asian equities, emerging markets, fixed income, European equities and some alternative strategies. To remain focused, it will not manage US and Japanese equities. The measure of success will be creation of alpha for clients.

In addition, HSBC will further develop Sinopia, its quantitative and structured investment manager, and HSBC Specialist Investments, its property and infrastructure investment company.

HSBC's investment businesses have grown assets under management by 47 per cent since the end of 2001, they employ some 2,000 people in over 20 countries and territories around the world.

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Alain Dromer, CEO of HSBC Asset Management Services, said: “We have developed some compelling strategic initiatives in response to trends affecting our industry. Our strategy has two important themes. The first is about better meeting client needs by offering them the most appropriate products wherever they are manufactured. The second is about investment manufacturing excellence, which requires us to differentiate between activities that benefit from scale and those that do not. We will focus on areas where we know we can deliver.”

Stephen Green, Group Chief Executive, HSBC Holdings plc, said: “HSBC’s new strategy for investments fits exactly with our ‘Managing for Growth’ strategy. It puts client needs first, as always, and reorganises our investment businesses so that they can compete with the best. HSBC is setting challenging targets for growth in investment business conducted with customers. This new strategy will help us achieve these goals.”

In Japan, HSBC Asset Management will become HIS. A core investment proposition from HIS worldwide will be multimanagerment. The Japan office will therefore refocus its investment team from active management of Japanese equities to multimanagerment using best in class investment capabilities from the whole market. Other investment activity carried out locally will continue as before, namely the management of quantitative and structured products.

HIS Japan will continue to successfully promote the best investment capabilities of HSBC Group, emphasising Asian equities and selected alternative strategies, alongside multimanagerment. It will strengthen the marketing function to sustain the strong growth that has been enjoyed recently.

### **Notes to editors:**

#### **Marketing Function in Japan**

As to the marketing functions, we intend to introduce HSBC products of strength managed by group offices overseas which are gaining awareness and recognition quite rapidly in Japan. These include: Chinese equities, Indian equities, and global bonds using the active-quant strategy by Sinopia. The balance of Investment Trusts under management by Japan office is over JPY80 billion as at 30 November 2004 having enjoyed one of the fastest growths amongst the HSBC Asset Management Group companies in the recent past. We have all intention to reinforce the marketing function further, and plan to increase the number of staff to sustain the growth in Japan.

#### **HSBC Asset Management Services**

HSBC Asset Management Services (AMS) is the name used to describe the core and associated specialist asset management companies of the HSBC Group. AMS companies provide investment management solutions to institutional, corporate and financial intermediary clients worldwide. Companies within AMS are: HSBC Asset Management, the core global business, plus the companies dedicated to specialist areas, Sinopia for quantitative, structured and guaranteed investment solutions, HSBC Specialist Investments for property and infrastructure investments, HSBC Alternative Investments for single-manager alternative investment strategies, and HSBC Multimanager, offering independent fund selection and fund of fund management services.

AMS companies have assets under management of US\$191 billion (as at 30 June 2004), part of the total of US\$419 billion managed by the HSBC Group as a whole (as at 30 June 2004). AMS companies are ultimately owned by HSBC Holdings plc.

**The HSBC Group**

HSBC Holdings plc is headquartered in the UK. The HSBC Group serves over 110 million customers worldwide from approximately 10,000 offices in 76 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$1,154 billion at 30 June 2004, HSBC is one of the world's largest banking and financial services organisations.

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