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FUND MANAGERS TURN CAUTIOUS TOWARDS EQUITIES AND SHIFT TO BONDS

Over half of fund managers polled in HSBC's quarterly Fund Managers Survey held a positive view on bonds in the fourth quarter of 2009, up from 30 per cent in 3Q09.

Seven in 10 respondents were bullish on global emerging markets and high yield bonds in 4Q09, up from 43 per cent in the previous quarter. Over half (57%) of fund managers surveyed held an overweight view on European bonds for 4Q09 (vs 38%).

Fund managers in the survey were less optimistic about equities as an investment class, with a third of respondents overweight in the fourth quarter of the year from 50 per cent in 3Q09. While over half of fund managers surveyed remained bullish on Greater China equities, this was down from 75 per cent in 3Q09. Twenty-two per cent of respondents were positive about North American equities in 4Q09 compared to 18 per cent in 3Q09.

Godfrey Swain, Managing Director and Head of Personal Financial Services in Japan, said: "The low interest rate environment diminished the appetite for cash in the quarter as investors sought stable growth in still volatile market conditions. While equities will continue to provide growth opportunities in the longer term, investors are less likely to expect the returns they enjoyed from the sharp rebound in global markets in mid-2009. Bonds are again providing a cushion for investors against continued economic uncertainty and improved yield."

The quarterly HSBC survey analysed 13 of the world's leading fund management houses¹ by their funds under management (FUM), their asset allocation views and their global money flows. The net money flow² estimates are derived from movements in FUM versus index movements in the equivalent class.

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Fund managers turn cautious towards equities and shift to bonds/2

Footnotes:

1: The 13 participating fund managers in the survey are: AllianceBernstein, Allianz Global Investors, Baring Asset Management, BlackRock, Fidelity Investment Management, Franklin Templeton Investments, HSBC Global Asset Management, Invesco Asset Management, Investec Asset Management, J.P. Morgan Asset Management, Prudential Asset Management, Schroders Investment Management and Société Générale.

2: Net fund flows are derived by subtracting market growth from funds under management (FUM) growth during 2Q09.

More details of the survey

If you would like to receive a copy of the report *HSBC Fund Managers Survey: Tracking Global Money Flow*, please contact HSBC Group Communications. The survey was conducted during November 2009.

Notes to editors:

1. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,422 billion at 30 June 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

2. The Hongkong and Shanghai Banking Corporation Limited in Japan

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. It established its first branch in Japan in Yokohama in 1866, making it the oldest bank operating in Japan today. It has branch offices in Tokyo and Osaka, providing commercial banking, private banking and personal wealth management services.

3. HSBC Premier

Launched in 2000 and with international services starting in May 2007, HSBC Premier is the first truly global personal wealth management service offering individually tailored financial solutions for the growing number of mass affluent individuals. Globally, HSBC Premier serves over 3.3 million customers through 300 international Premier Centres in 42 countries and territories. In Japan, HSBC Premier launched in January 2008 targeting individuals with liquid financial assets exceeding JPY10 million. HSBC Premier operates seven branches in the Tokyo Metropolitan (Akasaka, Ginza, Hiroo, Ikebukuro, Marunouchi, Yokohama) and Kansai (Kobe) areas.

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