Investment Monthly

New Rules

July 2025

For Professional Clients only and should not be distributed to or relied upon by Retail Clients.

Summary

Macro Outlook

- As US exceptionalism fades, a regime of **G-zero economics** is emerging – characterised by a fragmentation of global leadership, along with supply shocks, constrained growth, and high and volatile inflation
- **Our base case** is that tariffs settle close to current levels, but with high policy uncertainty risking a sharper downturn and elevated market volatility
- The world's **premium growth opportunities** lie in emerging markets. US growth is "catching down" to other developed markets
- Trade disruption is likely to have diverging effects on **Asian economies** while macro policies should support growth

House View

- Investors need to follow **"New Rules"** in an investment landscape defined by an **end of US exceptionalism** and **volatile market narratives** – with growth cooling, equity performance broadening out, and a weaker dollar
- Dollar weakness boosts **EM stocks and fixed income**, with stronger EM currencies likely to boost the appeal of local-currency bonds
- A regime of "deficits forever" and a cautious Fed could keep **US Treasury yields** sticky. Investors should seek out **alternative portfolio diversifiers**
- Portfolio resilience can be built with **"safety substitutes"** including European fixed income and selective high-quality public and private credits

Policy Outlook

- The **Fed** is in "wait and see" mode. We expect some further gradual policy easing later this year, as rising growth concerns offset inflation worries
- The **ECB** policy rate should move into accommodative territory. German fiscal stimulus is likely to support growth in 2026
- Growth concerns, benign inflation, and recent USD softness aid the case for more monetary easing and fiscal support in **EM Asia**, but policymakers are likely to remain agile and cautious
- Further targeted policy support is expected in **China**, though the US-China trade truce eases growth concerns. Consumption, technology & innovation, and housing are likely to remain key areas of policy focus

Scenarios

SPINNING AROUND	Our central scenario. Tariffs close to current levels, moderate US spending cuts. Extreme uncertainty. Stock market leadership broadens out. EMs are resilient
TOPPLING OVER	Tariff re-escalation and major US spending cuts. Sharp slowdown in growth, hitting EMs. US stocks enter a bear market. Rates rally across the curve
TAKING OFF	Tariffs abandoned. Animal spirits boost global growth. Europe catches up with resilient US. Stocks perform well. EMs rally as global growth projections upgraded

Source: HSBC Asset Management as at July 2025. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. The views expressed above were held at the time of preparation and are subject to change without notice. Diversification does not ensure a profit or protect against loss. This information shouldn't be considered as a recommendation to invest in the country or sector shown.

House View

US exceptionalism is fading, cyclical growth is converging in the west, and economic power is shifting to Asia and emerging markets. **Investors should be tactical and lean into diversification to drive returns**. Alternative diversifiers may include European bonds, high-quality public and private credits, real assets, and hedge funds

- **Equities** – Reasonably resilient global growth and potential policy puts in Europe and China should encourage a further "broadening out" of market leadership. We continue to prefer Europe, EM, and Frontier regions given their improving profits growth and superior valuations
- **Government bonds** – A regime of "deficits forever" and a cautious Fed implies that US Treasury yields will remain elevated in 2025, hampering their role in portfolio protection. German Bunds could perform in periods of market stress
- **Corporate bonds** – While both investment grade and high yield credit spreads have tightened, relatively high 'all in' yields are compelling for investors seeking steady income flows. Policy uncertainty remains a potential headwind

Equities

Asset Class	House view
Global	↔/▲
US	↔
UK	↔
Eurozone	↔/▲
Japan	↔
Emerging Markets (EM)	▲
CEE & Latam	▼
Frontier	▲

Government bonds

Asset Class	House view
Developed Market (DM)	↔/▲
US 10-year	↔
UK 10-year	▲
German 10-year	▲
Japan	▼
Inflation-linked bonds	↔/▲
EM (local currency)	▲

Corporate bonds

Asset Class	House view
Global investment grade (IG)	↔/▲
USD IG	↔/▲
EUR & GBP IG	↔/▲
Asia IG	↔/▲
Global high-yield	↔/▼
US high-yield	▼
Europe high-yield	▼
Asia high-yield	↔/▲
Securitised credit	▲
EM hard currency (USD)	▲

FX & Alternatives

Asset Class	House view
Gold	▲
Other commodities	↔
Real assets	▲▲
Hedge funds	▲▲
Private credit	▲▲
Private equity	↔
US dollar (DXY)	▼
Crypto assets	▼▼

Asian assets

Asset Class	House view
Asia local bonds	▲
RMB bonds	↔/▲
Asia ex-Japan equities	▲
China	▲
India	▲
ASEAN	↔/▲
Hong Kong	▲
Asia FX (ADXY)	↔/▲

Key to views

▲▲	Positive	↔/▼	Neutral/Negative bias
▲	Positive Bias	▼	Negative Bias
↔/▲	Neutral/Positive bias	▼▼	Negative
↔	Neutral		

House view represents a >12-month investment view across major asset classes in our portfolios
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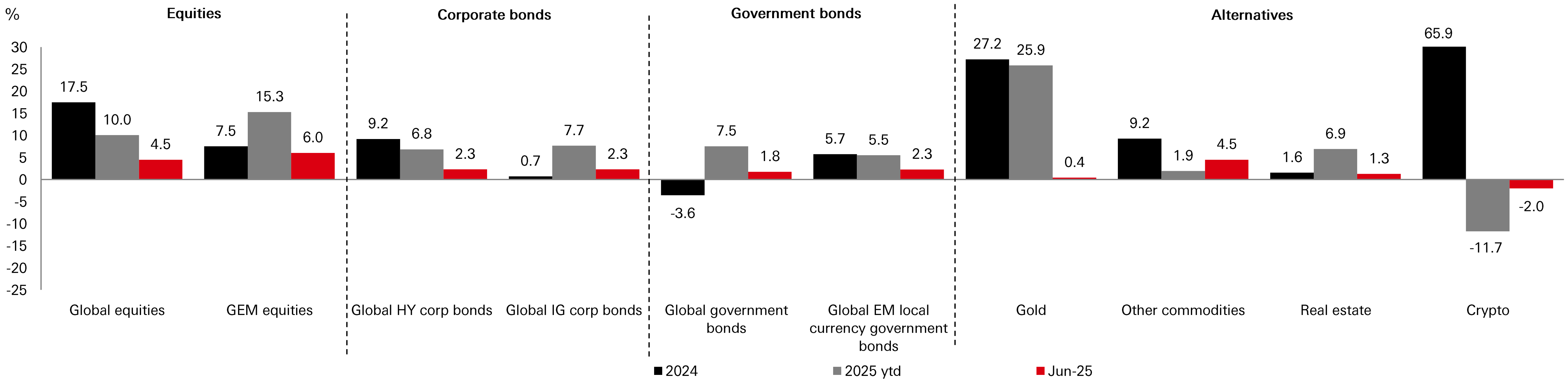
Asset class performance at a glance

Global stock markets delivered broad-based gains in June despite continuing policy uncertainty and geopolitical tensions. US 10-year Treasury yields remained sticky, while the dollar saw further weakness, which boosted EM assets. In credit markets, investment grade and high yield spreads tightened. Gold reached a new high mid-month

- **Government bonds** – US Treasury yields fell in June but remain relatively high, with the Fed holding rates steady, and markets wary of potential inflation risk and widening government deficits. Geopolitical tensions had limited impact on yields
- **Equities** – US stocks ground their way back to new highs, but dollar weakness helped EM outperform. South Korea and Taiwan delivered solid gains, with Frontier markets also doing well.
- **Alternatives** – Quoted real estate continued its robust performance year-to-date with a positive return in June. Cryptocurrencies saw further declines. Oil prices edged higher amid geopolitical tensions, and gold traded close to new highs



Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. This information shouldn't be considered as a recommendation to invest in the country or sector shown. The views expressed above were held at the time of preparation and are subject to change without notice. Source: Bloomberg, all data above as at close of business 30 June 2025 in USD, total return, month-to-date terms. Note: Asset class performance is represented by different indices. **Global Equities:** MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities**: MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return Index unhedged. **Government bonds**: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. **Commodities and real estate:** Gold Spot $/OZ, Other commodities: S&P GSCI Total Return CME. **Real Estate**: FTSE EPRA/NAREIT Global Index TR USD. **Crypto**: Bloomberg Galaxy Crypto Index. *EAFE- Europe, Australasia and the Far East

2025 Mid-year investment outlook themes

G-zero economics

Old idea of US hegemony is replaced with a new G-zero, where no one economic power is leading the global order

Global to local

Country correlations are likely to fall which creates a strong argument for EM granularity

Volatile market narratives

Volatility becomes a feature of the current system, not a bug

NEW RULES

End of exceptionalism

Asset classes that have been overlooked by investors during the era of US exceptionalism come into focus

Safety substitutes

Global fixed income, high quality credit, private credit and hedge funds are set to play a greater role in asset allocations

Source: HSBC Asset Management, June 2025. The views expressed above were held at the time of preparation and are subject to change without notice.

Macro scenarios

	TOPPLING OVER	SPINNING AROUND	TAKING OFF
Trade/ Fiscal	**Tariff re-escalation** and major US spending cuts (**DOGE**)	Tariffs around current level, moderate US spending cuts. **Uncertainty impact**	Tariffs abandoned. **“Mission economy”** takes hold in Europe
Growth	**Sharp slowdown** as real incomes undermined and confidence hit	US growth moderates to around 1.0-1.5%. **End of US exceptionalism**	**Animal spirits** boost global growth. Europe catches up with resilient US
Inflation	Short-term boost to US inflation, but fades as demand destroyed	**3.0-3.5% in US,** moderate across other DMs and many EMs	**Settles in 2.0-2.5% "grey" range** - not high enough to prompt Fed hikes
Monetary Policy	Initial pause in rate cuts, but then **big easing** amid growth damage	**Gradual easing for Western central banks and some EMs**	**Easing cycle cut short**. Higher neutral rate
China	Tariffs and property sector weakness **weigh on growth**	**Stable growth** as domestic policy easing offsets headwind from tariffs	**Growth pickup** as property sector recovers and confidence returns

Source: HSBC Asset Management, July 2025.

Market scenarios

	TOPPLING OVER	SPINNING AROUND	TAKING OFF
Stocks	SPX back to early 2023 levels. US tech most vulnerable. VIX spike	**Broadening out** of market leadership. SPX fat and flat range. VIX stays high	**Global stocks perform well** (SPX 6500?) High-beta markets shine
Fixed income	**Rates rally** across the curve, curve steepens. Credit spreads widen	Range-bound yields, some upside risk to credit spreads. **Focus on income flows**	Some **upside risk to yields** as growth remains strong. Credit spreads still tight
EM	**EMs hit** amid weaker global growth and trade challenges	Does well amid growth resilience, Fed cuts, China stimulus and good valuations	**EM rallies** as global growth projections upgraded, better trade news discounted
USD	**USD buoyed** by safe-haven status, but weaker in Trump 2.0?	**Tug of war** between US inflation pressures vs end of US exceptionalism	Upside to USD limited by global growth expansion. EUR rallies
Top bets	USTs, gold, CHF, macro HFs, best IG, defensives, quality, momentum	Value, quality, mid-caps. EM/Europe/Japan > western markets. IG > HY	Europe/China > US. HY credits. Industrial metals. China. Crypto>gold.

Source: HSBC Asset Management, July 2025.

Global trade policy remains uncertain

		Consensus		Policy	
		Growth (2025 / 2026)	Inflation (2025 / 2026)	12m ahead policy rate (HSBC AM)	2025 Fiscal impulse
US	The Fed is in a holding pattern, awaiting the impact of higher tariffs on US growth and inflation. Surveys are mixed, with data suggesting slower consumer spending. The housing sector is weak. A tariff-induced real income squeeze should push growth below trend in H2 2025, with the risk of a deeper downturn	1.4 / 1.5	2.8 / 2.6	3.50-4.00%	Mild drag
Eurozone	Following eight rate cuts since the summer of 2024, the ECB has signalled a pause as policy has moved to the middle of the ECB's neutral range. A re-escalation of trade tensions would increase downside growth risks, prompting further easing. Germany's sizeable fiscal stimulus should support growth in 2026	0.8 / 1.2	2.1 / 1.9	1.25-1.75%	Neutral
UK	The BoE is divided over the inflation outlook but acknowledged "clearer evidence" of increased labour market slack. Q2 growth should slow, driven by an unwinding of tariff-related front-loading. Moderating wage growth signals lower services inflation. The BoE should maintain a gradual easing stance	0.9 / 1.2	3.1 / 2.3	3.25-3.75%	Drag
Japan	The BoJ maintains a "wait and see" stance due to trade uncertainty. Core inflation measures have picked up during H1 2025, with some evidence of higher pricing power in services. The BoJ remains committed to a gradual normalisation of policy, fiscal policy could be eased to support cautious households	1.0 / 0.8	2.7 / 1.9	0.75-1.00%	Neutral
China	Reduced US-China trade tensions have reduced downside risks for the Chinese economy. Activity data have been resilient so far. However, an uneven cyclical recovery and deflationary pressures stemming from persistent economic imbalances suggest further targeted policy support remains likely	4.2 / 4.2	0.4 / 1.0	1.10-1.40%	Moderate boost
India	The RBI signaled limited space for further easing after having front-loaded policy actions. The policy outlook will be data dependent with a focus on transmission. The FY26 budget strikes a balance between fiscal prudence and growth support. Tax relief, rate cuts, and benign inflation should help urban demand	6.4 / 6.5	4.1 / 4.5	5.25-5.50%	Neutral

Past performance is not a reliable indicator of future performance.

Source: HSBC Asset Management, consensus numbers from Bloomberg, July 2025. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target. This information shouldn't be considered as a recommendation to invest in the specific country mentioned.

Asset class positioning

House view represents a >12-month investment view across major asset classes in our portfolios

Key to views

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↔	Neutral		

	Asset class	House view	Comments
Equities	**Global**	↔/▲	Markets face potential volatility amid ultra-high policy uncertainty, slowing global growth, and geopolitical risks, although falling rates should be supportive. We expect more broadening out for asset returns beyond the US technology sector and mega-cap growth into other regions, sectors, and styles
	US	↔	Earnings growth expectations have weakened, with some firms reluctant to issue forward guidance. Risks to the growth outlook include trade policy uncertainty, threats to tech sector dominance, and weaker consumer confidence. Looser fiscal policy, tax cuts and deregulation could be supportive. Rich valuations make prices vulnerable to disappointment
	UK	↔	UK stocks trade at record valuation discounts relative to other regions and offer an attractive combined dividend and buyback yield. Weak domestic growth is a risk, but further policy easing should be beneficial. Firms remain vulnerable to volatility driven by signs of slowing global growth and policy uncertainty
	Eurozone	↔/▲	Eurozone stocks offer both value and cyclical exposure partially linked to China and could benefit as global market leadership broadens out. Profits expectations for 2025 should be met, but the growth outlook could be affected by global trade policy uncertainty. Fiscal spending commitments in Germany should support long-run growth
	Japan	↔	The earnings outlook for cyclical areas is sensitive to global macro and trade conditions. Potential strength in the yen and JGB yields could add further headwinds. However, valuations remain attractive, bolstered by corporate reform tailwinds, particularly investor-friendly corporate actions. We believe domestically-oriented sectors look more favourable
	Emerging Markets (EM)	▲	Premium growth rates are evident in EMs, where overall valuations remain favorable. A weaker dollar could bolster EM equities, which are currently under-owned, as reflected by their low multiples. However, EMs should not be treated as a single bloc given their idiosyncrasies. It's crucial to remain selective amid ongoing trade policy and geopolitical uncertainty
	CEE & Latam	▼	In Central and Eastern Europe, economies face mixed challenges complicated by global trade tensions and geopolitical developments. Latam equity valuations remain undemanding, but political risks, a mixed commodity outlook, and the domestic macro backdrop present near-term headwinds, along with the potential impact of trade policy on regional economies
	Frontier Markets	▲	A key attraction of frontier markets is exposure to smaller, rapidly-growing, domestically-driven economies that benefit from local idiosyncrasies. There tends to be low intra-country correlation between them, and they benefit from comparatively low volatility, potentially attractive valuations, and relatively strong earnings growth
Government bonds	**Developed Markets (DM)**	↔/▲	A combination of global policy uncertainty, the re-emergence of growth concerns in early 2025, and worries over "deficits forever" has driven volatility in government bonds, with yields remaining elevated. Outside of a US recession scenario, a sustained decline in yields is unlikely
	US 10-year	↔	Yields have been volatile in recent months reflecting the uncertain macro and policy outlook. Slower growth should lead to modest Fed easing, with a gradual decline in rates, but inflation risks and fiscal concerns are likely to keep yields above 4%
	UK 10-year	▲	Gilts have been volatile recently, driven by global yield moves amid increased policy uncertainty. Diminishing worries of a US recession have prompted a narrowing of the 10-year yield spread between the UK and US. We expect 10y Gilt yields to fall gradually during 2025, aided by lower UK supply worries
	German 10-year	▲	German yields have risen sharply on expectations of higher growth and bond issuance following new commitments on fiscal spending. Falling inflation and ECB policy easing means Bunds can perform well in periods of market stress. We expect the spread to 10-year UST yields to narrow modestly as US yields drift lower and Bund yields drift higher
	Japan	▼	The BoJ has raised interest rates as part of gradual policy normalisation, although conditions will likely remain accommodative with the central bank signalling no rush to raise rates further amid global policy uncertainty. With minimal bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	↔/▲	Global (ex-US) breakevens (the difference between nominal yields and real yields) have narrowed in response to US growth concerns, lower oil prices, and the impact of tariffs on domestic growth. But valuations remain cheap for US ILBs, with markets pricing almost no inflation risk premium
	EM local currency	▲	Emerging market local currency debt looks positioned to do well in a backdrop of high real yields, strong fundamentals, and a weakening US dollar. Indeed, strengthening EM currencies, combined with falling inflation, are allowing EM central banks to ease policy, further boosting the appeal of EM local bond markets to global investors

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	Asset class	House view	Comments
Corporate bonds	**Global investment grade (IG)**	↔/▲	IG credit spreads have reversed their recent widening and are low in a historical context. Nonetheless, all in yields remain reasonable. Global policy uncertainty remains a potential risk, particularly if it leads to a widespread loss of confidence and an unexpectedly sharp slowdown
Corporate bonds	USD IG	↔/▲	US IG spread valuations have improved compared to early 2025 levels but remain way below long-term averages. All in yields are high, but demand has taken a hit with retail flows slowing markedly recently. Fundamental credit metrics remain solid, but US IG would be vulnerable to general risk-off episodes and any structural push towards de-dollarisation
Corporate bonds	EUR and GBP IG	↔/▲	European IG credit valuations have improved but are not compelling, with all in yields still relatively attractive. Technicals are strong, with the asset class in demand. The main risk for is a global risk-off event, and returns could also be affected if inflation risks prevent the ECB from easing policy according to plan
Corporate bonds	Asia IG	↔/▲	Asia IG benefits from attractive all in yields and limited issuance amid accommodative onshore funding conditions, as credit fundamentals remain sound. Asia IG's shorter duration and strong quality bias help reduce overall volatility. We emphasise credit selection with a focus on idiosyncrasies amid global rate volatility and macro/policy uncertainty
Corporate bonds	**Global high-yield (HY)**	↔/▼	The risk to spreads may be to the upside given their rapid retracement from April's peak at a time when the uncertain outlook is starting to filter through to the latest corporate earnings guidance for 2025. We maintain a more defensive stance with a preference for higher quality credits
Corporate bonds	US HY	▼	Investor sentiment has improved following the de-escalation of tariffs between the US and China. However, policy headlines and potential for further tensions could continue to be major driver for where spreads will land during the rest of 2025. Spreads could widen if trade deals do not come to fruition, disappoint in scope, or if tariffs revert to higher levels
Corporate bonds	Europe HY	▼	Current valuations are not compelling, with near-term uncertainty looking higher than usual. Single-B valuations look expensive, with these issuers sensitive to growth risks and financing rates. We like banks and insurers where credit fundamentals are strong, but we are underweight autos where structural challenges compound cyclical weakness
Corporate bonds	Asia HY	↔/▲	Asia HY offers attractive yields and spread tightening potential relative to global peers. Positive technicals are aided by accommodative domestic macro policies and lower onshore rates. The market is now much more diversified structurally, and the wide dispersion in valuations across sectors provides opportunities amid elevated global uncertainty
Corporate bonds	**Securitised credit**	▲	Spreads remain wider than the tights of the range since 2009 so there is long-term value in securitised credit compared to other credit markets. As long as rates remain high, floating securitised credit can generate high income as base rates feed directly into the income paid
Corporate bonds	**EM hard currency (USD)**	▲	EM hard-currency debt is a structurally improving asset class with ratings upgrades outpacing downgrades. Moreover, policy stimulus from China and Europe provides some offset to headwinds from trade tariffs. Any spread widening from here is likely to be limited
FX & Alternatives	**Gold**	▲	Gold has rallied to new highs in 2025, with central banks continuing to be major buyers. Investor demand has also been strong, driven by a flight to safe-haven assets as a result of rising geopolitical tensions, global policy uncertainty, and financial market volatility
FX & Alternatives	**Other commodities**	↔	Geopolitical tensions have emerged as a heightened risk factor. China's economic story will be a critical driver, with a meaningful recovery likely to provide a boost to prices. OPEC+ market management is also a key influence on oil prices
FX & Alternatives	**Real assets**	▲▲	Real estate values are bottoming, although office values are still falling. Investment activity could remain subdued given uncertainty over global growth and the repricing of rate cuts. Meanwhile, infrastructure debt offers better expected returns than global credits, and lower spread volatility during economic slowdowns.
FX & Alternatives	**Hedge funds**	▲▲	Hedge funds can be good diversifiers in an environment of elevated inflation and market phases where there are sharp upticks in volatility. Macro and CTA strategies can be particularly attractive alternatives to bonds when there are positive stock-bond correlations
FX & Alternatives	**Private credit**	▲▲	With elevated rate uncertainty, private credit yields remain attractive due to their illiquidity premium. The asset class is expected to see further growth this year, and default rates remain relatively low. An upside of global policy uncertainty is that it can lead to improved lender terms/increased yields both on new transactions and refinancings
FX & Alternatives	**Private equity**	↔	Reduced borrowing costs and positive momentum across the broader capital markets spectrum is expected to drive a normalisation of PE transaction flow over the coming quarters. PE firms have experienced a tough period for exits and fundraising – with the majority of firms with the largest amount of dry powder globally being US-based
FX & Alternatives	**US dollar (DXY)**	▼	Policy uncertainty has weighed on US growth sentiment, with the USD weakening versus major currencies. This trend could continue as investors worry about US growth, high deficits, and an end of US exceptionalism. Investors are now exploring hedging foreign exchange for US stock exposures, which is a major shift in psychology
FX & Alternatives	**Crypto**	▼▼	Crypto prices accelerated to new highs in early 2025 but remain highly correlated to risk and US administration news flow. More regulatory certainty could provide upside, but high sensitivity to sentiment and thin liquidity could deter mainstream institutional investors

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	Asset class	House view	Comments
Asian assets	**Asia local bonds**	▲	The weaker USD should cushion the impact of a higher US term premium and rates volatility, with Asia's sound fundamentals, macro stability indicators, and policy mix helping to lower local rate sensitivity to external market pressures. Disinflation and monetary easing remain supportive. We focus on idiosyncratic opportunities across regional curves
	RMB bonds	↔/▲	The US-China trade truce has lowered market expectations for imminent rate cuts or additional fiscal stimulus. Despite already-low yields, the monetary easing bias amid deflationary pressures and external growth headwinds remains supportive, with potentially more foreign asset allocation inflows. The PBoC will likely continue its proactive liquidity management
	Asia ex-Japan equities	▲	Asian markets offer broad sector diversification and attractively-valued quality-growth opportunities. Prudent policy easing across the region, China's policy put and other long-term themes continue to serve as positives. However, persistent trade uncertainties may lead to uneven impacts, with export-oriented markets more vulnerable to external shocks
	China equities	▲	Growing AI technology adoption, along with the government's favourable policy signals and US-China tariff de-escalation have bolstered market confidence. Valuation discounts still reflect investor concerns surrounding domestic challenges and geopolitical risks, but firms' relatively low overseas exposure may partially shield them from external headwinds
	India equities	▲	Valuations remain rich compared to Asian peers, especially for mid-/small-cap stocks. That said, there are further signs of a gradual, albeit uneven, macro and earnings growth recovery, with a supportive policy backdrop. India's resilience to external headwinds and a strong structural story serve as positive catalysts for performance in the medium term
	ASEAN equities	↔/▲	Overall valuations are fair, buoyed by modest monetary easing and structural drivers. The earnings outlook shows signs of improvement despite continuing divergence across markets. Nevertheless, exposure to global trade uncertainties, regional fund-flows, and idiosyncratic risks such as domestic developments warrants caution
	Hong Kong equities	▲	Market sentiment remains buoyed by lower local rates, dynamic capital market activities, and spill-overs from China's tech sector developments, despite ongoing worries about geopolitical risks, external trade, and domestic macro conditions. However, valuations are fair, reflected in below-long-term average multiples, and relatively high dividend yields
	Asia FX (ADXY)	↔/▲	Asian currencies are supported by sound external balances, relative growth resilience, and cheap valuations. Increased hedging of USD assets, FX conversion by exporters, and diversification flows into non-US assets provide support, with FX a potential topic in US trade talks. But persistent global trade and policy uncertainty could trigger further volatility

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Market Data

June 2025

EQUITY INDICES	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World								
MSCI AC World Index (USD)	918	4.4	11.0	14.4	9.1	919	723	19.9
North America								
US Dow Jones Industrial Average	44,095	4.3	5.0	12.7	3.6	45,074	36,612	22.2
US S&P 500 Index	6,205	5.0	10.6	13.6	5.5	6,215	4,835	23.4
US NASDAQ Composite Index	20,370	6.6	17.7	14.9	5.5	20,418	14,784	30.9
Canada S&P/TSX Composite Index	26,857	2.6	7.8	22.8	8.6	26,857	21,659	17.0
Europe								
MSCI AC Europe (USD)	639	2.0	9.9	15.4	20.9	644	516	15.2
Euro STOXX 50 Index	5,303	-1.2	1.0	8.4	8.3	5,568	4,474	15.6
UK FTSE 100 Index	8,761	-0.1	2.1	7.3	7.2	8,909	7,545	13.4
Germany DAX Index*	23,910	-0.4	7.9	31.1	20.1	24,479	17,025	16.6
France CAC-40 Index	7,666	-1.1	-1.6	2.5	3.9	8,258	6,764	15.1
Spain IBEX 35 Index	13,992	-1.1	6.5	27.9	20.7	14,371	10,299	9.9
Italy FTSE MIB	39,792	-0.7	4.6	20.0	16.4	40,709	30,653	11.9
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	641	5.3	11.9	13.2	12.6	647	507	14.9
Japan Nikkei-225 Stock Average	40,487	6.6	13.7	2.3	1.5	42,427	30,793	21.0
Australian Stock Exchange 200	8,542	1.3	8.9	10.0	4.7	8,639	7,169	19.5
Hong Kong Hang Seng Index	24,072	3.4	4.1	35.9	20.0	24,874	16,441	10.8
Shanghai Stock Exchange Composite Index	3,444	2.9	3.3	16.1	2.8	3,674	2,690	13.5
Hang Seng China Enterprises Index	8,678	2.9	1.9	37.1	19.0	9,211	5,772	10.0
Taiwan TAIEX Index	22,256	4.3	7.5	-3.4	-3.4	24,417	17,307	16.8
Korea KOSPI Index	3,072	13.9	23.8	9.8	28.0	3,134	2,285	11.1
India SENSEX 30 Index	83,606	2.6	8.0	5.8	7.0	85,978	71,425	22.9
Indonesia Jakarta Stock Price Index	6,928	-3.5	6.4	-1.9	-2.2	7,911	5,883	11.7
Malaysia Kuala Lumpur Composite Index	1,533	1.6	1.3	-3.6	-6.7	1,685	1,387	14.2
Philippines Stock Exchange PSE Index	6,365	0.4	3.0	-0.7	-2.5	7,605	5,805	10.3
Singapore FTSE Straits Times Index	3,964	1.8	-0.2	18.9	4.7	4,005	3,198	12.9
Thailand SET Index	1,090	-5.2	-5.9	-16.2	-22.2	1,507	1,054	12.3
Latam								
Argentina Merval Index	1,994,825	-12.5	-14.7	23.8	-21.3	2,867,775	1,333,622	8.6
Brazil Bovespa Index*	138,855	1.3	6.6	12.1	15.4	140,382	118,223	8.6
Chile IPSA Index	8,248	2.5	7.8	28.6	22.9	8,493	6,082	11.7
Colombia COLCAP Index	1,668	3.7	4.1	20.8	20.9	1,702	1,272	7.1
Mexico S&P/BMV IPC Index	57,451	-0.7	9.5	9.6	16.0	59,735	48,770	12.6
EEMEA								
Saudi Arabia Tadawul All Share Index	11,164	1.6	-7.2	-4.4	-7.2	12,536	10,429	14.4
South Africa JSE Index	96,430	2.2	8.8	21.0	14.7	97,300	77,165	11.4
Turkey index	9,141.3	10.3	3.0	-6.6	1.2	11,252.1	8,566.6	4.0

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 June 2025. (*) Indices expressed as total returns. All others are price returns.
Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Market Data (continued)

June 2025

EQUITY INDICES - TOTAL RETURN	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	11.5	10.0	16.2	61.6	89.6	1.8
US equities	11.2	6.1	15.3	70.3	109.8	1.2
Europe equities	11.4	23.0	18.4	61.0	79.2	3.2
Asia Pacific ex Japan equities	12.8	14.1	15.8	32.0	41.0	2.8
Japan equities	11.4	11.7	13.9	52.2	52.2	2.3
Latam equities	15.2	29.9	13.4	39.0	69.0	5.0
Emerging Markets equities	12.0	15.3	15.3	32.0	39.0	2.6

All total returns quoted in USD terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Latam Total Return Index and MSCI Emerging Markets Total Return Index.

BONDS	Close	End of last month	3-months Ago	1-year Ago	Year End 2024
US Treasury yields (%)					
3-Month	4.29	4.33	4.29	5.35	4.31
2-Year	3.72	3.90	3.88	4.75	4.24
5-Year	3.80	3.96	3.95	4.38	4.38
10-Year	4.23	4.40	4.21	4.40	4.57
30-Year	4.77	4.93	4.57	4.56	4.78
Developed market 10-year bond yields (%)					
Japan	1.43	1.49	1.49	1.05	1.09
UK	4.49	4.65	4.67	4.17	4.56
Germany	2.61	2.50	2.74	2.50	2.36
France	3.28	3.16	3.45	3.30	3.19
Italy	3.48	3.48	3.87	4.07	3.52
Spain	3.24	3.09	3.37	3.42	3.06

BOND INDICES - TOTAL RETURN	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	596	1.0	1.6	6.2	2.8
JPM EMBI Global	946	2.3	3.1	9.5	5.5
BarCap US Corporate Index (USD)	3,427	1.9	1.8	6.9	4.2
BarCap Euro Corporate Index (Eur)	263	0.3	1.8	6.0	1.8
BarCap Global High Yield (USD)	656	1.8	3.4	11.5	4.7
BarCap US High Yield (USD)	2806	1.8	3.5	10.3	4.6
BarCap pan-European High Yield (USD)	619	0.6	2.5	9.9	3.5
BarCap EM Debt Hard Currency	470	2.3	3.7	10.5	6.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	234	1.2	1.6	6.8	3.9
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	272	1.4	1.4	8.0	4.2

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 June 2025. Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period. Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Market Data (continued)

June 2025

CURRENCIES (VS USD)	Latest	End of last month	3-months Ago	1-year Ago	Year End 2024	52-week High	52-week Low
Developed markets							
DXY index	96.88	99.33	104.21	105.87	108.49	110.18	96.38
EUR/USD	1.18	1.13	1.08	1.07	1.04	1.18	1.01
GBP/USD	1.37	1.35	1.29	1.26	1.25	1.38	1.21
CHF/USD	1.26	1.22	1.13	1.11	1.10	1.27	1.09
CAD	1.36	1.37	1.44	1.37	1.44	1.48	1.34
JPY	144.0	144.0	150.0	160.9	157.2	162.0	139.6
AUD	1.52	1.55	1.60	1.50	1.62	1.69	1.44
NZD	1.64	1.68	1.76	1.64	1.79	1.82	1.57
Asia							
HKD	7.85	7.84	7.78	7.81	7.77	7.85	7.75
CNY	7.16	7.20	7.26	7.27	7.30	7.35	7.00
INR	85.77	85.58	85.47	83.39	85.61	87.95	83.42
MYR	4.21	4.26	4.43	4.72	4.47	4.72	4.09
KRW	1,354	1,382	1,474	1,376	1,479	1,487	1,303
TWD	29.23	29.88	33.20	32.44	32.79	33.28	28.79
Latam							
BRL	5.43	5.72	5.71	5.59	6.17	6.32	5.37
COP	4,088	4,159	4,184	4,149	4,406	4,546	3,916
MXN	18.75	19.44	20.47	18.32	20.83	21.29	17.61
ARS	1,203.63	1,189.45	1,073.10	911.51	1,030.99	1,221.06	913.56
EEMEA							
RUB	78.31	77.50	83.16	85.77	113.52	115.07	76.85
ZAR	17.71	18.00	18.32	18.19	18.84	19.93	17.04

COMMODITIES	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	3,303	0.4	5.7	42.0	25.9	3,500	2,319
Brent Oil	67.6	5.8	-9.5	-21.8	-9.4	88	58
WTI Crude Oil	65.1	7.1	-8.9	-20.1	-9.2	85	55
R/J CRB Futures Index	297	2.4	-3.9	2.3	0.2	317	265
LME Copper	9,869	3.9	1.6	2.8	12.6	10,165	8,105

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 June 2025.
Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Important information

Basis of Views and Definitions of 'Asset class positioning' tables

- Views are based on regional HSBC Asset Management Asset Allocation meetings held throughout **June 2025**, HSBC Asset Management's long-term expected return forecasts which were generated as at **31 May 2025**, our portfolio optimisation process and actual portfolio positions.
- **Icons:** ↑ View on this asset class has been upgraded **–** No change ↓ View on this asset class has been downgraded.
- Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- "*Overweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- "*Underweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- "*Neutral*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 May 2025.**
- Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 June 2025**.

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