

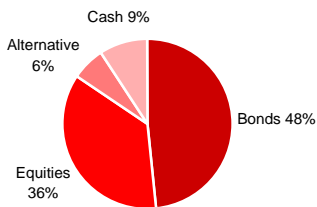
▶ HSBC Investments

HSBC Managed Portfolios Income and Growth USD Class A as at 31 December 2007

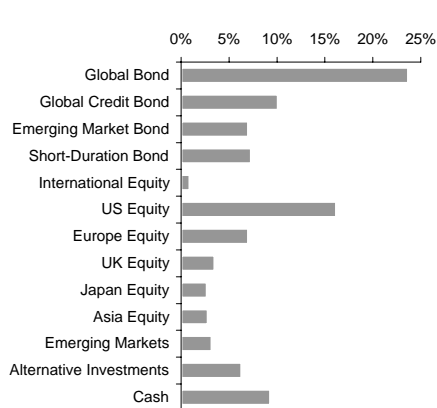
Profile

The principal objective of the HSBC Managed Portfolios is high total return over time consistent with an emphasis on capital growth and income while attempting to limit risk through investment in a diversified portfolio of mutual funds. The Income and Growth Portfolio is for investors seeking modest capital appreciation where higher income is generated and reinvested. Investors in this portfolio will have a moderate time horizon and a low tolerance for risk.

Portfolio Composition



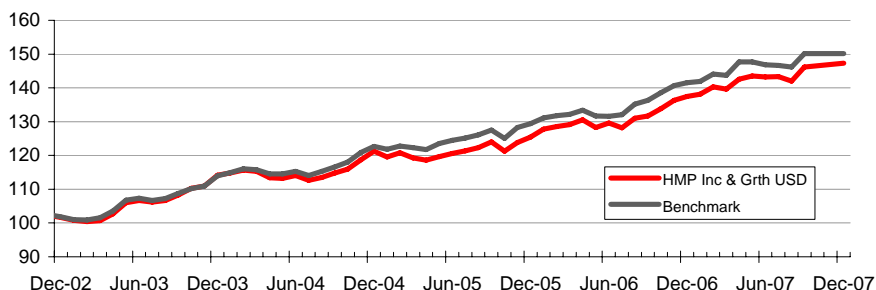
Sector Weightings	Weight
Bonds	48.2%
Equities	36.2%
Alternative	6.3%
Cash	9.3%



Asset Class Breakdown	Weight
Global Bond	23.7%
Global Credit Bond	10.1%
Emerging Market Bond	7.0%
Short-Duration Bond	7.3%
International Equity	0.9%
US Equity	16.2%
Europe Equity	7.0%
UK Equity	3.5%
Japan Equity	2.7%
Asia Equity	2.8%
Emerging Markets	3.2%
Alternative Investments	6.3%
Cash	9.3%

Performance Data*

Performance since inception vs. benchmark



Fund Information

Structure

Open-ended balanced fund of funds, domiciled in Bermuda

Inception date

October 16, 2002

Price per share

Class AC: USD 140.65 (non-trading price)

Class AD: USD 138.49 (non-trading price)

Benchmark

Equities: 32% MSCI World USD

Bonds: 63% Lehman Global USD

Cash: 5% Cash Deposits

Total fund size

USD 83 million

Annual fees

1.95% Annual Expense Ratio (including underlying funds)

Dealing cut-off time

Weekly, Wednesday to 12:00 noon (Bda. time)

Settlement

6 business days after Dealing day

Minimum / Subsequent investment

USD 10,000 / USD 5,000

Dividends (Class AD)

Semi-Annual, June and December

Current dividend (Class AD)

USD 1.65 per share, 31 Dec 2007

ISIN code

Class AC: BMG468AP1058

Class AD: BMG468AP1546

Bloomberg ticker

Class AC: ALLMNIU BH

Class AD: HSBIGAD BH

CUSIP code

Class AC: G468AP105

Class AD: G468AP154

Performance*	Inc & Grwth	Benchmark
1 quarter	0.74%	-0.02%
1 Year	7.10%	6.08%
3 Year	22.05%	22.43%
YTD	7.10%	6.08%
Since inception	47.26%	50.14%

Commentary

Equities pulled back while government bonds outperformed all fixed income sectors.

- US Equities fell during Q4 amid weaker than expected earnings and concerns of how much the weakness in the housing market would slow the broader economy.
- A flight to government bonds sent yields to 3 year lows and causing spreads between high quality and lower quality bonds to widen.
- The Federal Reserve cut the benchmark rate by 50bps during the quarter and is expected to continue to cut rates through Q1 of 2008 to counter slowing growth.

The Managed Portfolios had strong performance for the quarter and all outperformed their respective benchmarks for the year.

- Leading the portfolios were strong gains in the HIS US equity funds with the US Core fund up 17.3% for the year. Additionally the Global Equity and Emerging Market funds were up 19.9% and 36.7% respectively. Within fixed income, global credit (5.7%) and short duration (5.9%) led the portfolios during the year.
- In equities we are neutral US and Europe, negative on Japan and the UK and positive on Asia and Emerging Markets. In bond markets we favour government bonds and high quality credit.

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** Performance Data Source: HSBC Investments (Bermuda) Ltd*

*** Please note cash was higher than usual due to inflows late in the month; Average cash was 4% to 6%.*

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