

# News Release

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## **HSBC launches first Australian Dollar Liquidity Fund**

*\*\*Investors are seeking alternatives to traditional bank deposits for surplus cash as effects of Basel III take hold\*\**

*\*\*HSBC's AUD fund provides a highly diversified and low-risk cash management solution\*\**

HSBC Global Asset Management is launching its first Australian Dollar Liquidity Fund in response to demand from institutional and wholesale clients who are seeking new ways to invest surplus cash as the implications of Basel III begin to take hold.

Under Basel III regulations, banks are no longer able to rely on clients' 'non-operational' cash deposits for their liquidity tests, meaning investors will need to find new liquidity and capital preservation solutions to gain similar or better yields for their non-operational cash reserves.

"Both our regional treasury centre clients across Asia-Pacific and our Australian clients have commented on the lack of diversified cash management solutions for the Aussie dollar. The AUD fund will invest in a wider range of onshore and offshore assets than traditional Australian money market funds, giving investors a greater level of asset diversification," said Geoffrey Pidgeon, Head of Global Asset Management (Australia/New Zealand), HSBC Global Asset Management.

The Australian cash market is substantial at around \$AUD2.5 trillion<sup>1</sup>, of which \$AUD233 billion<sup>1</sup> is held in money market funds. The HSBC Australian Dollar Liquidity Fund offers same-day liquidity and has an AAA rating from both Standard and Poor's and Moody's. The fund invests in low-risk, high-quality money market instruments such as bank deposits, commercial paper, certificate or paper and short-term debt instruments.

"Many investors, particularly those in Asia-Pacific, see the Australian market and currency as a strong and stable investment option. This new AUD fund will provide a viable low-risk cash management solution for investors while still providing attractive money market yields," Pidgeon said.

The Australian dollar fund is the eleventh liquidity fund currency offered by HSBC Global Asset Management.

HSBC Global Asset Management is one of the world's largest money market fund managers and currently has US\$64 billion in liquidity assets under management (September 2017).

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### **Asset classes and investment styles**

<sup>1</sup> Cash amounts to \$2.5 trillion, made up of \$2.3 trillion held in bank deposits plus \$272 billion held as cash by investment managers.

Source: Rainmaker Information 2017. The bank deposits net-flows refers to the change in bank deposits held by Australian residents. Source APRA Quarterly ADI Statistics, table 2B.

### **HSBC Bank Australia**

In Australia, the HSBC Group offers an extensive range of financial services through a network of 40 branches and offices. These services include retail and commercial banking, financial planning, trade finance, treasury and financial markets, payments and cash management and securities custody. Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162 AFSL/Australian Credit Licence 232595) and The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970 and AFSL 301737)

### **HSBC Global Asset Management**

HSBC Global Asset Management invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Global Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in around 30 countries, delivering global capabilities with local market insight. As at 30 September 2017, HSBC Global Asset Management managed assets totalling US\$462bn on behalf of its clients. For more information see [www.global.assetmanagement.hsbc.com](http://www.global.assetmanagement.hsbc.com)

