

# HSBC Global Investment Funds - Global Equity Climate Change

Share Class EC

28 Feb 2021

## Fund Objective and Strategy

### Investment Objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of shares. In particular, the Fund invests in companies that may benefit from the transition to a low carbon economy by having a higher environmental, social and governance rating compared to the MSCI AC World Net Index.

### Investment Policy

In normal market conditions, the Fund will invest at least 70% of its assets in shares (or securities similar to shares) of companies of any size with revenue exposure to climate transition themes. The Fund invests in companies, that are based in, or carry out the larger part of their business activities in, both developed markets and emerging markets. The Fund can invest up to 20% in China A and China B-shares. For China A-shares, up to 10% through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, and up to 10% in CAAPs. The Fund may invest up to 10% in Real Estate Investment Trusts, and may also invest up to 10% in other funds, including HSBC funds. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>
EC	-4.55	-4.67	2.51	45.38	13.90	15.14
Reference Benchmark	2.01	2.32	6.58	30.25	10.29	14.24

Rolling Performance (%)	29 Feb 2020-28 Feb 2021	28 Feb 2019-29 Feb 2020	28 Feb 2018-28 Feb 2019	28 Feb 2017-28 Feb 2018	29 Feb 2016-28 Feb 2017
EC	45.38	6.75	-4.78	17.89	16.17
Reference Benchmark	30.25	3.89	-0.84	18.79	22.07

3-Year Risk Measures	EC	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	18.65%	17.92%	Number of Holdings ex Cash	48	2,988
Information Ratio	0.59	-	Avg Market Cap (USD mil)	81,460	278,913
Beta	0.98	-			

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees. UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES**

Source: HSBC Global Asset Management, data as at 28 February 2021

### Risk Disclosure

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.
- UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES.

### Share Class Details

UCITS V Compliant	Yes
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 5,000
Ongoing Charge Figure <sup>2</sup>	2.351%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU0323240373
Share Class Inception Date	14 Mar 2008
NAV per Share	USD 13.25
Fund Size	USD 152,758,993
Bloomberg Ticker	HSCLEUS LX
Reference Benchmark	MSCI Singapore Gross
Manager	Angus Parker

<sup>1</sup> Result is annualised when calculation period is over one year.

<sup>2</sup> Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Until 1 December 2013 the name of the sub-fund is HSBC Global Investment Funds – Climate Change. Please refer to the prospectus for the fund's prior investment objective.

## Monthly Performance Commentary

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### Market Review

Global equities trended upwards as worldwide COVID-19 infections abated and the prospects of US fiscal stimulus increased. MSCI All Country World rose 2.4% in February as investors grew optimistic over the global economic recovery, with worldwide COVID-19 cases falling, hopes of US fiscal stimulus increasing and global corporate earnings beating market expectations, although rising bond yields tapered sentiment towards the end of the month. US stocks rose on the back of solid corporate earnings results, elevated hopes of Congress passing through US fiscal stimulus and an improving labour market as unemployment claims fell to the lowest level since November 2020. Jay Powell, the US Federal Reserve Chairperson, pledged to keep monetary policy loose as the economy recovers. The 10 year US treasury yield rose to 1.5% in the month as investors weighed the prospect of rising inflation concerns, which caused equities to pull back towards the end of the month. The S&P500 rose 2.8% in the month. European stocks moved higher amid continued optimism around an economic recovery and as corporate earnings beat market expectations. Investors also grew more bullish on Italy, after the former European Central Bank President, Mario Draghi, stepped in to form a new government under his leadership to stabilise political tensions. In the UK, the COVID-19 vaccine programme made significant progress across the population and the government announced a timeline to exit lockdowns, boosting hopes of resuming normal economic activity. The Stoxx Europe 600 rose 2.5% and the FTSE All Share rose 2.0% in the month. Asian stocks generally advanced as investors grew positive over the global economic recovery and progress around US stimulus talks. Indian equities performed strongly following the announcement of a pro-growth 2021 government budget and Japanese equities also posted solid gains as it began its COVID-19 vaccination programme. The Shanghai Composite fell 0.3%, the SENSEX rose 6.2%, the KOSPI rose 1.2%, and the Nikkei 225 rose 4.8% in the month.

### Fund Review

Our stock selection in Industrials, Utilities and Information Technology as well our large underweight in Financials were the main drivers of underperformance in the month. Top contributors to performance: Deere, Infineon and Caggemini. Deere, a US-based agricultural equipment manufacturer, rose as it announced strong quarterly results, with equipment sales up more than 20% year on year, driven by a mix of both volume and pricing growth. Infineon, a Germany-based semiconductor company, rallied as it delivered quarterly results ahead of expectations on the back of profit growth outperformance in the automotive end market and 2021 sales guidance being raised due to strong order growth in recent quarters. Caggemini, a France-based consulting company, performed strongly after beating consensus estimates on revenues and profits, driven by digital and cloud transformation projects, and double digit annual bookings growth which has set a bullish outlook for the company in 2021. Top detractors to performance: EDPR, TPI Composites and Azbil. EDPR, a Portugal-based renewable energy producer, fell as it was impacted by investors taking profits after several months of strong stock outperformance and a "sell" rating issued by sell-side research house during the month. TPI Composites, a US-based manufacturer of wind turbine blades, declined as the company announced 2021 profit guidance below market expectations, despite delivering an impressive 10% annual sales growth in the last quarter of 2020. Azbil, a Japan-based industrial automation company, traded lower as investors retreated from the stock following slowing sales trends in the air conditioning control business in its latest quarterly results and a ratings downgrade by a sell-side research house.

### Outlook

While the COVID-19 pandemic represents a very significant challenge for the global economy, our measure of the global equity risk premium (excess return over cash) continues to look favourable. Market volatility will remain high and corporate profits will be under pressure from stoppages in economic activity to contain the COVID-19 virus, however, improved growth prospects on the back of vaccine developments and a much looser global policy setting has kept long-term prospective returns attractive. However, investors should be aware of the risks. There is still uncertainty about the timelines around vaccine rollouts and thus the speed of the economic recovery. Global corporate earnings growth is expected to still be impacted by regional restrictions and requires close monitoring. Policy mistakes are also possible, including premature withdrawal of fiscal support. Higher government bond yields also pose a risk to current pricing.

Approach – the global equity portfolios aim to deliver diversified global equity exposure, balancing return potential and risk exposure, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management.



Carbon Footprint	Fund	Reference Benchmark
Carbon Intensity	74.63	160.58

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO<sub>2</sub>e/USD million)

#### Ten Lowest Carbon Intensity Issuers

Fund	Carbon Intensity (tonnes CO <sub>2</sub> e/USD million)	Reference Benchmark	Carbon Intensity (tonnes CO <sub>2</sub> e/USD million)
NN GROUP NV 10126470	0.35	PEOPLE'S INSURANCE CO GROU-H 10222499	0.09
ST JAMES'S PLACE PLC 10228823	0.36	MERITZ SECURITIES CO LTD 10161639	0.14
AVIVA PLC 10126677	0.39	SUL AMERICA SA - UNITS 10176548	0.21
SWISS RE AG 10126693	0.52	PARTNERS GROUP HOLDING AG 10221643	0.30
DNB ASA 10221191	0.64	CHINA LIFE INSURANCE CO LTD 10222021	0.31
AMERISOURCEBERGEN CORP 10261983	0.67	IGM FINANCIAL INC 10142542	0.34
ADEVINTA ASA 10405744	0.67	SAMPO OYJ-A SHS 10126643	0.34
UNITEDHEALTH GROUP INC 10244670	0.75	NN GROUP NV 10126470	0.35
AFLAC INC 10245144	0.76	ST JAMES'S PLACE PLC 10228823	0.36
CIGNA CORP 10377862	0.90	GJENSIDIGE FORSIKRING ASA 10229284	0.38

#### Ten Highest Carbon Intensity Issuers

Fund	Carbon Intensity (tonnes CO <sub>2</sub> e/USD million)	Reference Benchmark	Carbon Intensity (tonnes CO <sub>2</sub> e/USD million)
AES CORP 10493759	4853.37	SHANXI COKING COAL ENERGY-A 10297911	43492.65
LAFARGEHOLCIM LTD-REG 10258894	4770.25	NTPC LTD 10195555	18186.18
NRG ENERGY INC 10496532	4323.81	CHINA SHENHUA ENERGY CO-A 10331640	17939.06
AMEREN CORPORATION 10496401	4141.93	CHINA RESOURCES POWER HOLDIN 10225820	15861.07
ALLIANT ENERGY CORP 10243345	3934.85	CHINA POWER INTERNATIONAL 10220935	12378.47
XCEL ENERGY INC 10242826	3934.76	CHINA RESOURCES CEMENT 10217749	11808.33
PINNACLE WEST CAPITAL 10493810	3547.53	SDIC POWER HOLDINGS CO LTD-A 10297987	11806.20
PPL CORP 10493882	3539.70	INDOCEMENT TUNGGAL PRAKARSA 10222156	11285.30
FORTUM OYJ 10126698	3182.20	SAUDI ELECTRICITY CO 10127020	11004.59
ENTERGY CORP 10252174	3171.39	SHANGHAI ELECTRIC POWER CO-A 10482035	10781.32

Weighted Average Carbon Intensity	Description	Carbon Intensity Description, Portfolio's exposure to carbon-intensive companies, expressed in tons CO <sub>2</sub> e/USD million revenue.
	Formula	$\sum_n \left( \frac{\text{current value of investment}_n * \text{issuer's Scope 1 and Scope 2 GHG emissions}_n}{\text{current portfolio value}} \right) \text{ issuer's } \$M \text{ revenue}_n$
	Methodology	Carbon Intensity Methodology: Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach. Gross values should be used.

Company carbon data, can often be "partially disclosed", i.e. partial geographic coverage, or incomplete operational data. Trucost\* undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies.\*Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

Source of analytics: S&P Trucost / MSCI



ESG	ESG	E	S	G
Fund	7.6	6.5	5.4	5.4
Reference Benchmark	6.0	6.3	4.9	4.6

#### ESG for Ten Highest Holdings by Weight

Fund	Weight	ESG	E	S	G	Carbon Intensity
INFINEON TECHNOLOGIES AG 10121724	3.9%	8.1	5.1	7.6	5.6	102.6
PRYSMIAN SPA 10219956	3.6%	6.6	5.4	5.0	7.0	71.3
SCHNEIDER ELECTRIC SE 10126171	3.5%	8.9	8.6	4.4	5.3	21.5
DEERE & CO 10251498	3.5%	6.9	5.6	5.6	5.1	28.3
ECOLAB INC 10376093	3.3%	9.2	8.9	3.8	4.6	42.2
NESTE OYJ 10224559	3.1%	10.0	6.0	10.0	6.7	169.4
TRANE TECHNOLOGIES PLC 10176037	2.9%	9.7	7.5	6.7	6.0	27.6
MICROSOFT CORP 10244626	2.8%	10.0	7.7	6.3	5.0	29.2
LEGRAND SA 10216379	2.7%	7.5	7.3	2.8	6.6	24.0
ACCENTURE PLC-CL A 10249916	2.6%	6.7	7.1	4.5	6.0	7.8

Reference Benchmark	Weight	ESG	E	S	G	Carbon Intensity
APPLE INC 10127829	3.4%	4.5	3.6	5.3	3.2	3.5
MICROSOFT CORP 10127941	2.8%	10.0	7.7	6.3	5.0	29.2
AMAZON.COM INC 10127765	2.2%	5.4	4.0	4.7	5.1	40.1
FACEBOOK INC-CLASS A 10179044	1.0%	1.6	10.0	1.4	3.3	27.3
ALPHABET INC-CL A 10129278	1.0%	5.1	7.0	5.7	1.4	32.1
ALPHABET INC-CL C 10137813	1.0%	5.1	7.0	5.7	1.4	32.1
TAIWAN SEMICONDUCTOR MANUFAC 10217598	0.9%	9.1	6.1	8.7	4.9	259.7
TESLA INC 10190840	0.8%	7.1	9.3	2.0	4.3	24.4
TENCENT HOLDINGS LTD 10110703	0.8%	5.1	9.0	5.1	2.4	16.0
ALIBABA GROUP HOLDING-SP ADR 10127287*	0.7%	3.7	7.8	5.9	0.7	33.2

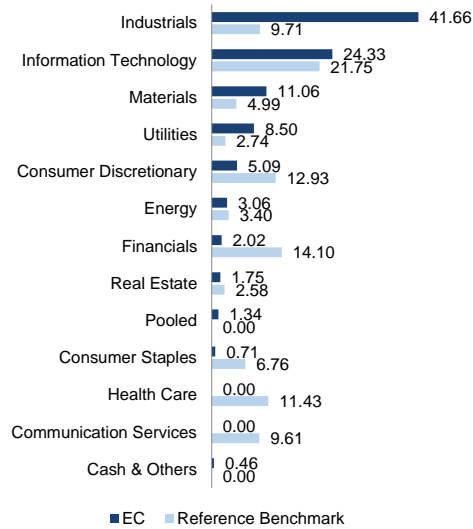
#### ESG for Ten Lowest Holdings by Weight

Fund	Weight	ESG	E	S	G	Carbon Intensity
RED ELECTRICA CORPORACION SA 10446324	0.000%	10.0	8.7	9.3	6.2	132.9
AIR LIQUIDE SA 10126154	0.000%	5.9	5.5	9.3	5.1	1137.5
ARKEMA 10126722	0.000%	6.8	5.2	2.7	5.8	356.1
PRYSMIAN SPA 10219956	0.000%	6.6	5.4	5.0	7.0	71.3
ALSTOM 10216480	0.000%	8.3	7.1	6.8	5.6	13.2
MICHELIN (CGDE) 10216791	0.000%	8.4	6.0	4.3	5.9	120.3
RELX PLC 10126530	0.000%	10.0	10.0	7.6	7.5	7.6
EQUINOR ASA 10110719	0.000%	9.3	6.4	7.4	5.0	233.1
RAIFFEISEN BANK INTERNATIONA 10198646	0.000%	6.2	3.3	4.9	4.8	15.7
CELLNEX TELECOM SA 10127841	0.000%	5.6	10.0	4.0	5.8	188.5

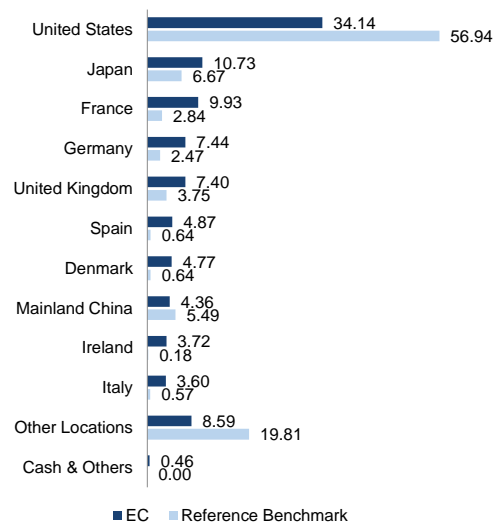
Reference Benchmark	Weight	ESG	E	S	G	Carbon Intensity
TIANJIN CHASE SUN PHARM-A 10440875	0.000%	4.7	2.1	4.8	3.9	30.3
OCEANWIDE HOLDINGS CO LTD -A 10426919	0.000%	3.0	3.1	4.2	3.0	11.9
VISIONOX TECHNOLOGY INC-A 10531615	0.000%	2.3	5.0	3.9	2.0	101.9
VENUSTECH GROUP INC-A 10440945	0.000%	4.1	3.7	4.4	3.4	9.3
CHINA NATIONAL ACCORD MEDI-A 10440975	0.000%	6.1	7.3	6.7	4.3	38.4
LUENMEI QUANTUM CO LTD-A 10482023	0.000%	2.7	4.7	3.1	3.0	735.5
GUANGDONG HEC TECHNOLOGY H-A 10440653	0.000%	1.8	2.3	3.6	1.0	739.3
SUOFEIYA HOME COLLECTION C-A 10440994	0.000%	1.1	6.2	2.2	3.1	48.8
BEIJING THUNISOFT CORP LTD-A 10645373*	0.000%	2.6	3.3	3.2	3.6	12.2
STO EXPRESS CO LTD-A 10443010	0.000%	0.4	5.8	3.0	2.6	123.6

Source of analytics: S&P Trucost / MSCI

**Sector Allocation (%)**



**Geographical Allocation (%)**



Top 10 Holdings (%)	Location	Sector	Weight (%)
Infineon Technologies AG	Germany	Information Technology	3.93
Prysmian SpA	Italy	Industrials	3.60
Schneider Electric SE	France	Industrials	3.53
Deere & Co	United States	Industrials	3.52
Ecolab Inc	United States	Materials	3.28
Neste Oyj	Finland	Energy	3.06
Trane Technologies PLC	United States	Industrials	2.92
Microsoft Corp	United States	Information Technology	2.75
Legrand SA	France	Industrials	2.68
Accenture PLC	United States	Information Technology	2.64

Source: HSBC Global Asset Management, data as at 28 February 2021

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This fund is a sub fund of HSBC Global Investment Funds, a Luxemburg domiciled SICAV.

Before subscription, investors should refer to Key Investor Document (KIID) of the fund as well as its complete prospectus. For more detailed information on the risks associated with this fund, investors should refer to the complete prospectus of the fund

The shares of HSBC Global Investment Funds have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons.

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[www.assetmanagement.hsbc.com/fr](http://www.assetmanagement.hsbc.com/fr).



## Terms of Glossary

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**Accumulation Share:** a type of share where the income earned by the Fund is retained in the Fund

**ACD:** HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

**Actively Managed:** where the fund manager uses their expertise to pick investments to achieve the fund's objectives

**Beta:** an historical measure of volatility to measure how a fund moves versus its benchmark (i.e. an Index)

**Collective Investment Scheme:** a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

**Developed Markets:** countries with relatively high levels of personal income and established economies

**Emerging Markets (EM):** countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

**Equities:** shares issued by a company

**Futures:** a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price

**Growth:** the increase in the value of investments

**Hedge Funds:** an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

**Hedge or Hedging:** using derivative type investments as a way to reduce risk

**Income:** money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

**Income Share:** the type of Share where the income earned by the Fund is paid out to you

**Information Ratio:** a measure of the risk-adjusted return of a fund against its benchmark

**Market Capitalisation:** the total dollar market value of a company's outstanding shares. Commonly referred to as "market cap", it is calculated by multiplying a company's shares outstanding by the current market price of one share

**Net Asset Value (NAV):** the value of the scheme property of a fund less the liabilities of the fund

**Ongoing Charges Figure:** a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

**Price Earnings (P/E) Ratio:** the price paid for a share divided by the annual profit earned by the firm per share

**Preference Shares:** shares of a company which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Preference shares may be convertible to the ordinary shares of a company

**Property-related securities:** shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

**Return(s):** the money made or lost on an investment

**Share(s):** an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

**Sharpe ratio:** a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations

**Volatility:** a measure of the size and frequency of changes in the value of an investment over a short space of time

**Yield:** the income from an investment, usually stated as a percentage of the value of the investment