

# HSBC Global Investment Funds - Global Lower Carbon Equity

Share Class ACEUR

28 Feb 2021

## Fund Objective and Strategy

### Investment Objective

The Fund aims to provide long term capital growth and income by investing in shares of companies that have a lower carbon footprint compared to the MSCI World Net Index.

### Investment Policy

In normal market conditions, the Fund will invest at least 90% of its assets in shares of companies of any size that are based in, or carry out the larger part of their business activities in, developed markets. The Fund's investment process identifies stocks from a universe of investable shares, and ranks them from the least attractive to most attractive based upon certain factors, such as value, quality, momentum, low risk and size. All stocks in the portfolio are assessed for their carbon footprint and a portfolio is created, which maximizes the exposure to the higher ranked stocks and reduces the Fund's carbon footprint. The Fund will not invest in companies involved in the production of tobacco or related activities. The Fund may invest up to 10% of its assets 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>	Since Inception <sup>1</sup>
ACEUR	1.90	0.74	3.61	14.97	-	-	7.86
Reference Benchmark	3.06	2.66	4.31	17.05	-	-	11.17

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
ACEUR	14.97	5.07	-	-	-
Reference Benchmark	17.05	8.47	-	-	-

3-Year Risk Measures	ACEUR	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	-	-	Number of Holdings ex Cash	194	1,588
Information Ratio	-	-	Avg Market Cap (USD mil)	268,876	294,813
Beta	-	-			

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>	1.150%
Share Class Base Currency	EUR
Domicile	Luxembourg
ISIN	LU1698195051
Share Class Inception Date	15 Mar 2018
NAV per Share	EUR 12.51
Fund Size	USD 139,026,191
Bloomberg Ticker	HSLGLACE LX
Reference Benchmark	MSCI World Net
Manager	HSBC Index and Systematic Equity Portfolio Management Team

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.
- 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.

<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.

## Monthly Performance Commentary

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### Market Review

Global equities rose in February as investors grew optimistic over the global economic recovery, with worldwide COVID-19 cases and deaths 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, raised hopes of Congress passing through US fiscal stimulus and an improving labor 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 during the recovery. 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. European stocks moved higher amid corporate earnings that beat market expectations and continued optimism of an economic recovery. 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 economic activity. Asian stocks generally advanced as investors grew positive over the global 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.

### Factor Performance

In February, global factor performance reflected investor optimism of potential better economic activity and their preference for risk, which benefited pro-cyclical factors as they outperformed their defensive counterparts, in the period. Within styles, Value was the main driver of factor performance, as it continued to be rewarded strongly and outperformed all other alpha factors across all regions globally, in February. Oil prices rally also helped as cheap energy stocks provided tailwind. Size traded broadly sideways and closed February largely flat on performance. At the other end of the spectrum, in the defensive universe, Low Risk and Quality factors proved headwinds. Industry Momentum factor was only slightly underwater, with the more defensive sectors including utilities, health care and consumer staples as key underperformers. At regional level, notable differences were in the UK and North America, where Size factor was well rewarded and finished in positive territory. In Asia Pacific, by contrast to the global picture, Quality was the laggard factor while Industry Momentum, Low Risk and Size were largely flat on performance, and Value outperformed by a higher margin than in other regions. In Europe, Quality held up best, compared to other regions, despite the general defensives underperformance. In the risk space, price momentum traded above the line for the larger part of the month, before it turned sharply to mark a weak February.

### Fund Commentary

On a portfolio level, Value contributed to performance, however it was offset by losses predominantly coming from exposure to Low Risk and Quality factors.

### Industries

On an industry basis, our overweight allocations to Insurance and Media & Entertainment coupled with our underweight exposures to Food, Beverage & Tobacco and Food & Staples Retailing contributed to performance. Conversely, our overweight allocations to Health Care Equipment & Services and Technology Hardware & Equipment along with our underweight exposures to Banks and Energy weighed on performance.

### Countries

On a country basis, our overweight allocations to Italy and Switzerland coupled with our underweight exposures to Belgium and Canada contributed to performance. Conversely, our overweight allocations to Israel and Portugal along with our underweight exposures to Japan and Hong Kong weighed on performance.

### Stock Level

On a stock level basis, our overweight allocations to Twitter (Communication Services, USA) and Booking Holdings (Consumer Discretionary, USA) contributed to performance. Conversely, our overweight allocations to PerkinElmer (Health Care, USA) and Hoya (Health Care, JPN) along with our underweight exposures to Jp Morgan Chase & Co. (Financials, USA) and Exxon Mobil (Energy, USA) weighed on performance.



Carbon Footprint	Fund	Reference Benchmark
Carbon Intensity	45.96	139.80

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)
AVIVA PLC 10126677	0.39	PARTNERS GROUP HOLDING AG 10221643	0.30
IA FINANCIAL CORP INC 10496221	0.42	IGM FINANCIAL INC 10142542	0.34
AMERISOURCEBERGEN CORP 10261983	0.67	SAMPO OYJ-A SHS 10126643	0.34
ADEVINTA ASA 10405744	0.67	NN GROUP NV 10126470	0.35
MS&AD INSURANCE GROUP HOLDIN 10153772	0.83	ST JAMES'S PLACE PLC 10228823	0.36
CNP ASSURANCES 10126468	0.94	INDUSTRIVARDEN AB-C SHS 10222545	0.38
ASSICURAZIONI GENERALI 10126253	0.94	GJENSIDIGE FORSIKRING ASA 10229284	0.38
PRUDENTIAL FINANCIAL INC 10251273	1.10	AVIVA PLC 10126677	0.39
AUTO TRADER GROUP PLC 10223135	1.12	IA FINANCIAL CORP INC 10379481	0.42
SCOUT24 AG 10129281	1.16	SCOR SE 10126277	0.49

#### 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)
ENEL SPA 10126230	869.96	VISTRA CORP 10146430	8956.93
OWENS CORNING 10244669	564.26	NEWELL BRANDS INC 10374980	7172.26
KINROSS GOLD CORP 10496530	509.78	HK ELECTRIC INVESTMENTS -SS 10127084	6208.72
EXELON CORP 10261942	450.03	OGE ENERGY CORP 10165061	5710.09
IBERDROLA SA 10243336	378.41	AMERICAN ELECTRIC POWER 10744184	5625.45
NATIONAL GRID PLC 10110767	357.85	EVERGY INC 10306409	5148.13
SSR MINING INC 10240017	355.74	RWE AG 10121713	4968.23
AMERICAN TOWER CORP 10394013	308.29	AES CORP 10160561	4853.37
ON SEMICONDUCTOR CORP 10244649	302.55	LAFARGEHOLCIM LTD-REG 10126748	4770.25
LONZA GROUP AG-REG 10244947	253.01	CLP HOLDINGS LTD 10127082	4633.77

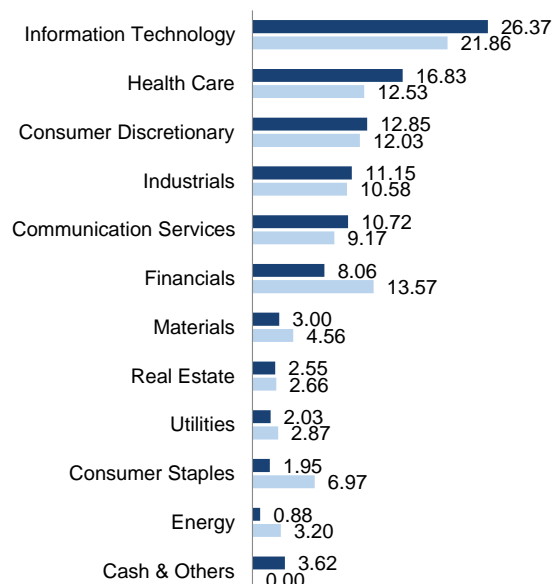
Weighted Average Carbon Intensity	Description	Carbon Intensity Description, Portfolio's exposure to carbon-intensive companies, expressed in tons CO <sub>2</sub> e/USD million revenue.
	Formula	$\sum_n \left( \frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$
	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 /

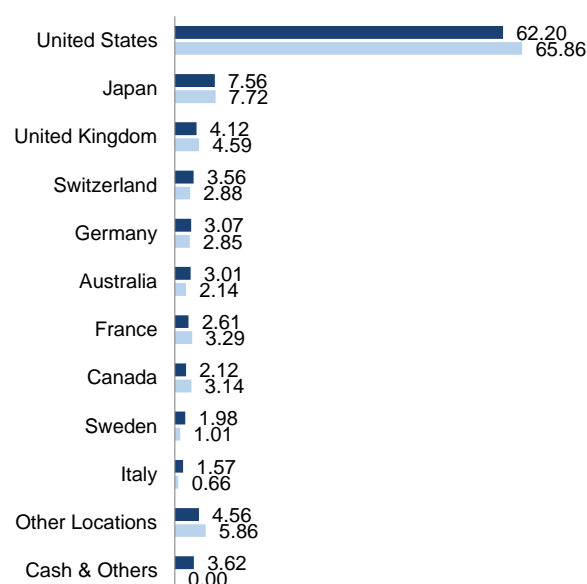


### Sector Allocation (%)



■ ACEUR    ■ Reference Benchmark

### Geographical Allocation (%)



■ ACEUR    ■ Reference Benchmark

Top 10 Holdings (%)	Location	Sector	Weight (%)
Apple Inc	United States	Information Technology	3.47
Microsoft Corp	United States	Information Technology	3.19
Alphabet Inc	United States	Communication Services	2.84
Amazon.com Inc	United States	Consumer Discretionary	2.16
Walt Disney Co/The	United States	Communication Services	1.65
Intel Corp	United States	Information Technology	1.45
Home Depot Inc/The	United States	Consumer Discretionary	1.32
Tesla Inc	United States	Consumer Discretionary	1.29
Cisco Systems Inc/Delaware	United States	Information Technology	1.28
Medtronic PLC	United States	Health Care	1.25

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

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## 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

**Carbon Intensity Description:** Portfolio's exposure to carbon-intensive companies, expressed in tons CO<sub>2</sub>e/USD million revenue.

**Carbon Intensity Formula:**  $\Sigma((\text{current value of investment}/\text{current portfolio value}) * (\text{issuer's Scope 1 and Scope 2 GHG emissions}/\text{issuer's \$M revenue}))$

**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.