



Invest for positive change that lasts for generations

HSBC Global Equity Climate Change Fund of Fund

An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change

June 2022

Investment Objective:

HSBC Global Equity Climate Change Fund of Fund’s Investment Objective - To provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change (HGECF). The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of overnight/ liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.

Climate Change - The opportunities beckon



Renewable Energy

Sustainable transition away from fossil fuels will need to be USD110trn of investment in renewable energies cumulatively to 2050.¹



Energy Efficiency

Globally enhanced energy efficiency investments could boost cumulative economic output by USD18tr to 2035, increasing growth by 0.25-1.1% per year.²



Clean Transport

Improved and digitalised planning in shipping could lead to fewer kilometers travelled, allowing for industry revenue benefits of USD1.5trn by 2025.³



Green Buildings

In emerging markets alone, Green Buildings are expected to be a USD24.7 trillion investment opportunity by 2030.⁴



Sustainable Water & Wastewater Management

Water productivity improvements could cost USD60 billion annually over the next two decades. Many of these investments yield positive returns in just three years.⁵



Climate Change Adaptation

Research has shown that spending USD1.8trn on specific adaptation areas between 2020 and 2030 could generate USD7.1trn in total net benefits.⁶
Flood defences systems and related infrastructure information support systems, such as climate observation and early warning systems.



Pollution & waste prevention and control

Air pollution kills 7 million people each year, costing USD5tn/year.⁷



Circular economy and resource efficiency

Switching to a circular economy could unlock an additional USD4.5trn of global GDP by 2030.⁸
Resource-efficient packaging and distribution
Industrial carbon capture and storage technology



Natural capital & ecosystems

Enhancing coastal wetlands could save the insurance industry USD52bn a year in reduced losses from storms and flood damage.⁹

Clean transport, clean energy, water management are some of the themes with great potential

HGIF Global Equity Climate Change (HGECF) – Underlying Fund – Investment Commentary

- Global equities were volatile as investor sentiment remained subdued amid persistent inflationary pressures, growth concerns and monetary policy tightening
- Our measure of the global equity risk premium (excess return over cash) continues to look attractive
- The team continues to make use of price volatility to add to our key holdings and stocks where we are positive on fundamentals

Data as on 31 May 2022.

Source: HSBC Global Asset Management, HGIF Global Equity Climate Change underlying fund commentary, Bloomberg

1. IRENA 2019, 2. New Climate Economy 2016, 3. Danfuss 2020, 4. FC 2019, 5. McKinsey 2019, 6. Global Commission on Adaptation 2019, 7. BAML 2020, citing UN 2019, 8. World Economic Forum, 9. Barbier et al 2019

Our approach and positioning

- Reviewing our positions – we are closely monitoring the exposure of our portfolio names to the disruption caused by temporary supply chain constraints
- No material changes to the portfolio were made during the month
- Our investment approach is bottom-up driven, therefore sector and country positioning are residual to the stock selection process and are not necessarily informative of our views on the sector or country

HGIF Global Equity Climate Change - HGECC – Underlying Fund

Investment commentary

May Market Commentary – Global Equities

- MSCI All Country World rose 0.1% as investor spirits ebbed and flowed during the month with interest rate and global growth uncertainty dominating the market narrative
- US stocks were flat as investors remained cautious of the tightening monetary policy environment. Jerome Powell, the US Federal Reserve Chairman, indicated that the central bank will continue to raise interest rates by 50 basis points in the next two committee meetings to tame inflation. The labour market continued to look healthy with the April data showing another month of strong job and wage growth. A number of US retailers reported financial results in the month, which showed a mixed outlook on the consumer environment. The S&P500 rose 0.2% in the month.
- European stocks were mixed as the Russia-Ukraine conflict showed no signs of abating. The EU placed an embargo on almost all Russian oil causing the crude oil benchmark to rise 15% in the month. The European Commission revised down their economic growth forecast for the EU as they expect the sustained rise in commodity prices to weigh on businesses and households. Christine Lagarde, the European Central Bank president, signalled that the central bank is likely to exit negative deposit rates by the end of the third quarter. In the UK, the government announced a subsidies for lower income households to provide relief on energy bills. The Stoxx Europe 600 fell 0.6% and the FTSE All Share rose 0.7% in the month.
- Asian stocks largely rose as investors reacted positively to the plan for reopening regions in China as well as a more accommodative stance on monetary and fiscal policy in the country. However, the India equity benchmark reordered negative returns due to selling pressure from investors. The MSCI Asia Pacific rose 0.7% in the month.

May Performance Synopsis

- The fund's thematic exposure to decarbonisation and energy transition processes means that the sectoral make-up of this portfolio is inevitably very different from any global benchmark that may be used as a reference point. This leads to a concentration in Industrials, Materials and Information Technology as the main enablers and beneficiaries of these dynamics.
- Our allocation to the Industrials and Materials sectors drove the fund's negative performance, whilst the Information Technology sector was the major contributor to positive performance. No particular climate change sub-theme drove the performance of the Fund. The Energy sector continued to rally strongly on the back of the rising oil price, which helped the broader equity market. Due to the lack of thematic alignment, the Fund did not benefit from this exposure.

Top contributors to performance:

- Shimadzu, Autodesk and Infineon. Shimadzu, a Japan-based analytical and measuring instruments manufacturer, rose after the company reported better-than-expected sales of liquid chromatographs and an upbeat guidance on full year sales. Autodesk, a US-based software company, advanced as it posted strong quarterly sales results and positive commentary on the resiliency of its business model amid macro uncertainty. Infineon, a Germany-based semiconductor manufacturer, traded higher after beating consensus estimates on quarterly sales and raised its revenue outlook, which overpowered cyclical concerns.

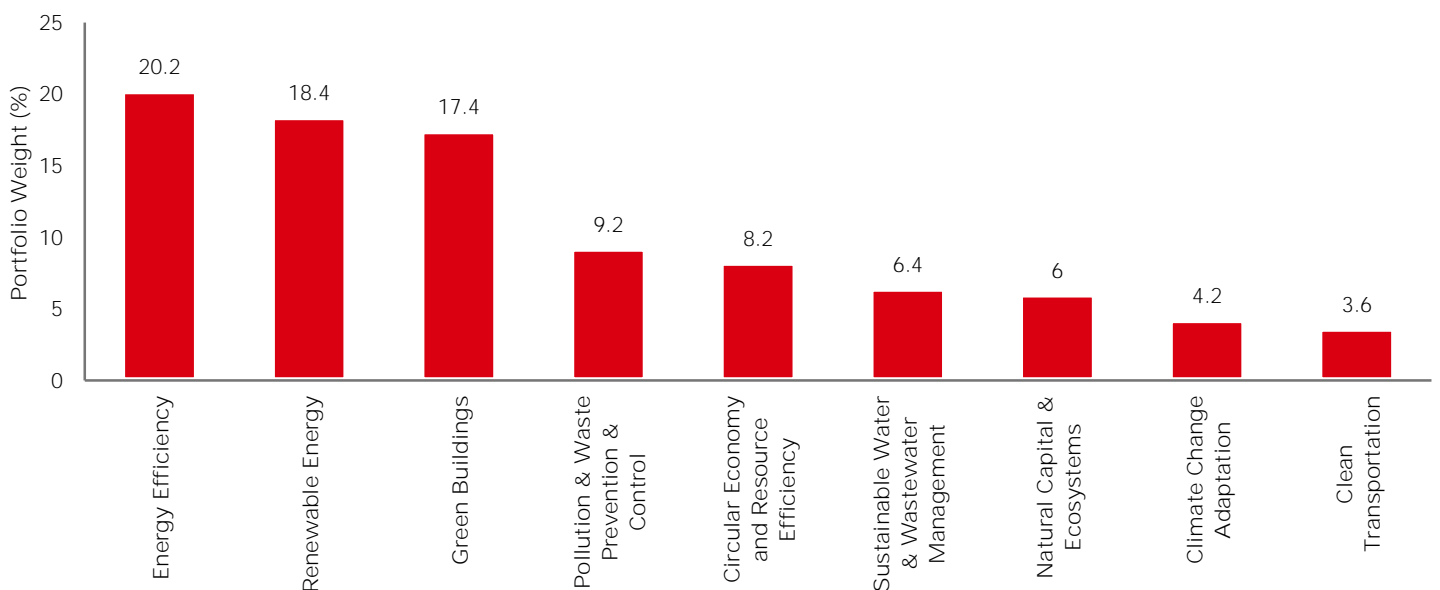
Top detractors to performance:

- Prologis, Verisk Analytics and Kingspan. Prologis, a US-based real estate investment trust, fell as investors took profits following a two-month rally in the share price and on news that the company offered a significant acquisition bid for Duke Realty. Verisk Analytics, a US-based insurance data provider, declined after reporting solid sales growth in its core Insurance business, but weaker-than-expected profit margins from one-off costs due to the business suspension in Russia and dilution from recent acquisitions. Kingspan, an Ireland-based building insulation manufacturer, dropped as the shares came under pressure from concerns about a weakening construction market.

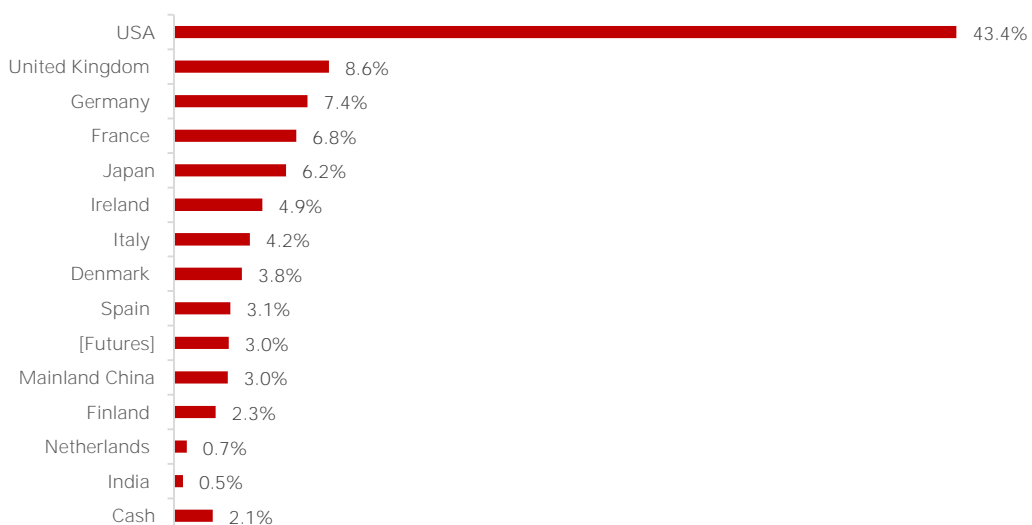
Outlook

- The global economy is entering the expansion phase of the economic cycle. Generally speaking, fiscal and monetary policy still remain supportive, although there are disparities across regions. The positive vaccine rollout has boosted growth for the US and Europe. Supply chain pressures and labour shortages have translated into high inflation in recent months, although we believe inflation is likely to remain contained over the medium term. Our measure of the global equity risk premium (excess return over cash) continues to look favourable given robust global growth prospects.
- Risks – there are still concerns around the resurgence of COVID-19 cases, particularly in some parts of the world where the vaccine rollout has been slow. The US and UK have begun tightening monetary policy this year and if this happens too quickly, it could impact global growth. COVID-19 has caused a deterioration in public finances, so governments may need to retune their fiscal policy which may also hinder growth. More persistent inflationary pressures could trigger higher government bond yields which pose a risk to current pricing.

Thematic positioning ^^



Country allocation



Source: HSBC Asset Management., Investment Commentary - HGIF Global Equity Climate Change underlying fund commentary, Bloomberg, Data as on 31 May 2022

Chart data as on 30 April 2022, For illustration purpose only. ^^ Data as at January '22

The information provided is for informational purposes only and should not be construed as a recommendation or solicitation for any security in the sectors referenced.

HGIF Global Equity Climate Change - HGECC – Underlying Fund

Portfolio

Instrument	Weight (%)
DEERE & CO	4.4%
PRYSMIAN SPA	4.2%
SCHNEIDER ELECTRIC SE	3.9%
MICROSOFT CORP	3.8%
ACCENTURE PLC-CL A	3.6%
KINGSPAN GROUP PLC	3.5%
PROLOGIS INC	3.2%
VERISK ANALYTICS INC	3.2%
LEGRAND SA	3.1%
EDP RENOVAVEIS SA	3.1%
TRANE TECHNOLOGIES PLC	3.1%
ECOLAB INC	3.0%
CRODA INTERNATIONAL PLC	3.0%
INFINEON TECHNOLOGIES AG	3.0%
BALL CORP	2.9%
CAPGEMINI SE	2.6%
SHIMADZU CORP	2.6%
BRENTAG SE	2.5%
WATTS WATER TECHNOLOGIES-A	2.3%
NESTE OYJ	2.3%
RENTOKIL INITIAL PLC	2.3%
AUTODESK INC	2.2%
SENSATA TECHNOLOGIES HOLDING	2.1%
AZBIL CORP	2.0%
ORSTED A/S	2.0%
HELLOFRESH SE	1.9%
VESTAS WIND SYSTEMS A/S	1.8%
SSE PLC	1.8%
OMRON CORP	1.6%
IMPAX ASSET MANAGEMENT GROUP	1.6%
PENTAIR PLC	1.4%
SMURFIT KAPPA GROUP PLC	1.4%
FIRST SOLAR INC	1.2%
TRIMBLE INC	1.1%
PLASTIC OMNIUM	1.0%
CIMC ENRIC HOLDINGS LTD	1.0%
WEICHAI POWER CO LTD-H	0.8%
ENPHASE ENERGY INC	0.7%
AKZO NOBEL N.V.	0.7%
SOLAREEDGE TECHNOLOGIES INC	0.6%
OATLY GROUP AB	0.6%
AZURE POWER GLOBAL LTD	0.5%
NARI TECHNOLOGY CO LTD-A	0.5%
ATRENEW INC	0.4%
SUNGROW POWER SUPPLY CO LT-A	0.3%
Futures	3.0%
Cash	2.1%
Total	100.00%

Sector Allocation (%)

Name	Weight
Industrials	40.4%
Information Technology	25.0%
Materials	11.0%
Utilities	7.3%
Real Estate	3.2%
Consumer Staples	2.5%
Energy	2.3%
Financials	1.6%
Consumer Discretionary	1.4%
Futures	3.0%
Cash	2.1%

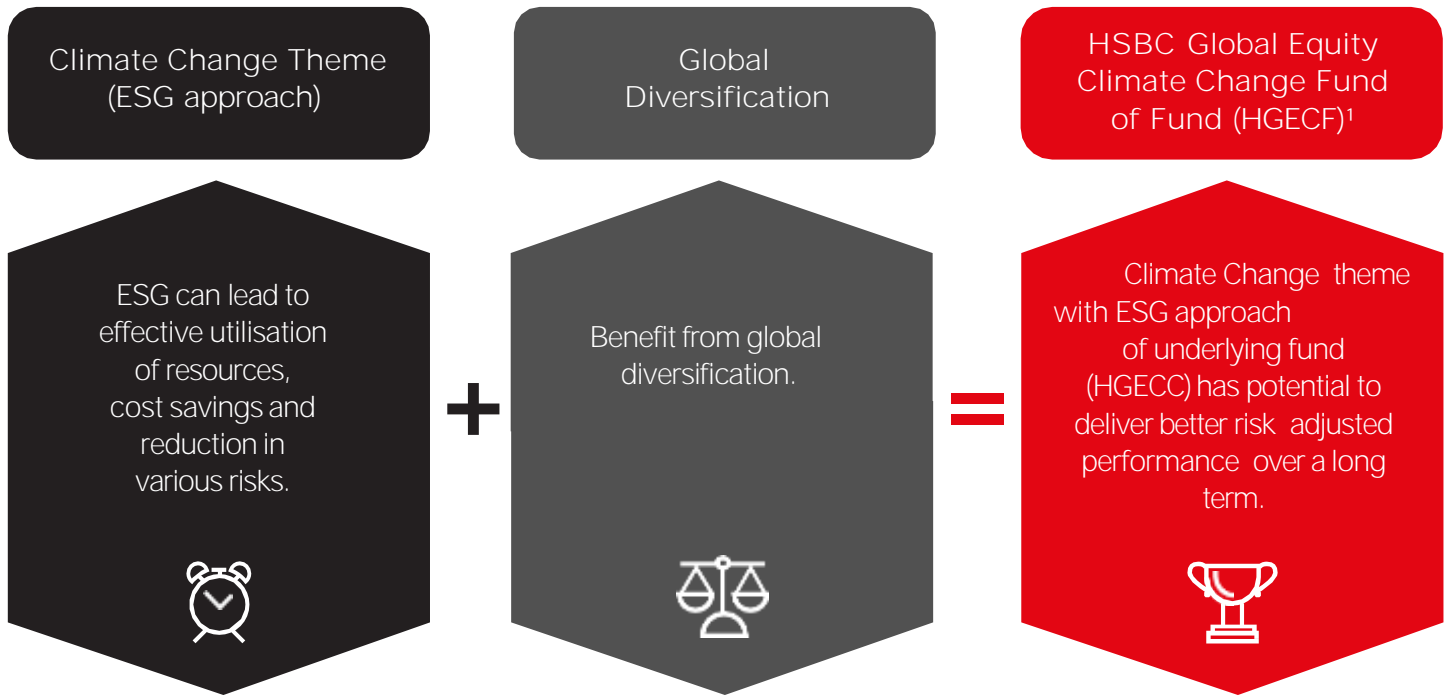
Portfolio – Top 10

Instrument	Weight (%)
DEERE & CO	4.4%
PRYSMIAN SPA	4.2%
SCHNEIDER ELECTRIC SE	3.9%
MICROSOFT CORP	3.8%
ACCENTURE PLC-CL A	3.6%
KINGSPAN GROUP PLC	3.5%
PROLOGIS INC	3.2%
VERISK ANALYTICS INC	3.2%
LEGRAND SA	3.1%
EDP RENOVAVEIS SA	3.1%

Data as on 30 April '22, Source: HSBC Asset Management

HSBC Global Equity Climate Change Fund of Fund (HGECF)¹

HSBC Global Equity Climate Change Fund of Fund² aims to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change (HGECC). The Underlying fund aims to provide long-term total return by investing primarily in companies, listed in either developed or developing countries, that are positioned to benefit from efforts to adapt to climate change.



HGECF provides potential benefit of opportunities arising from Climate Change theme supported by ESG investment approach and global diversification

¹ An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change

² The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of overnight/liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.

HSBC Global Equity Climate Change Fund of Fund (HGECF) [Feeder Fund]

Investment Objective

To provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change (HGECC). The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of overnight/ liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved

Where will the scheme invest?

The corpus of the Scheme will be predominantly invested in the units of HSBC Global Investment Funds - Global Equity Climate Change. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of overnight/liquid mutual fund schemes, in order to meet liquidity requirements from time to time

Benchmark

MSCI AC World TRI.³

Fund Managers

B. Aswinkumar

³The Fund reserves the right to change the benchmark for evaluation of the performance of the Scheme from time to time, subject to SEBI (Mutual Funds) Regulations and other prevailing guidelines, if any. Note: For complete details on where scheme will invest, please refer to the Scheme Information Document of HSBC Global Equity Climate Change Fund of Fund. MSCI ACWI TRI = MSCI All Country World Net Return Index (MSCI ACWI NR)

HSBC Global Equity Climate Change Fund of Fund

An open-ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change

Portfolio

Issuer	Industries	% to Net Assets
EQUITY 99.62%		
HSBC GIF-Global Equity Climate Change	Overseas Mutual Fund	99.62%
Cash Equivalent		0.38%
TREPS*		0.73%
Net Current Assets:		-0.35%
Total Net Assets as on 31-May-2022		100.00%

*TREPS : Tri-Party Repo, Data as on 31 May 2022

Asset Allocation

Overseas Mutual Fund	99.62%
Reverse Repos/TREPS	0.73%
Net Current Assets	-0.35%
Total Net Assets as on 31-May-2022	100.00%

Fund Details – Load



Exit Load

Any redemption / switch-out of units within 1 year from the date of allotment shall be subject to 1% exit load.
(ii) No Exit Load will be charged, if units are redeemed / switched-out after 1 year from the date of allotment.
The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.

Fund Details – HSBC Global Equity Climate Change Fund of Fund



Fund Manager

B. Aswin Kumar (For Overseas Investments) (since 06 October 2021)
Kapil Punjabi (since 22 March 2021)



AUM (as on 31.05.22)

464.06 Cr



Minimum Investment

Lumpsum . 5,000
Additional Purchase . 1,000



Benchmark ³

MSCI AC World TRI

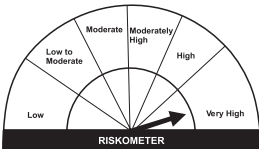


Inception Date

22 March 2021

HSBC Global Equity Climate Change Fund of Fund Riskometer

HSBC Global Equity Climate Change Fund of Fund



Investors understand that their principal Will be at Very High risk

Fund of Funds (Overseas) - An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change

This product is suitable for Investors who are seeking^{##}:

- To create wealth over long term.
- Investment predominantly in companies positioned to benefit from climate change through fund of funds route

^{##}Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

³Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/disclosure. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular Scheme.

Benchmark: MSCI AC World TRI



³ SEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021. Source: HSBC Asset Management, India

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Mutual fund investments are subject to market risks, read all scheme related documents carefully.