



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

December 2021

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 (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.

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 (HGECC) – Underlying Fund – Investment Commentary

Key takeaways

- Global equities dropped after concerns of a new COVID-19 variant intensified challenges to the global economic recovery
- 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

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

Data as on 30 November 2021,

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

Document date :15 December 2021

HGIF Global Equity Climate Change - HGECC – Underlying Fund

Investment commentary

Market Commentary – Global Equities

- MSCI All Country World fell 2.5% in November as the revelation of a new COVID-19 variant originating from South Africa caused investor sentiment to materially deteriorate at the end of the month, whilst inflation fears and US monetary policy tightening also contributed to the worsening investor mood
- US stocks declined due to the emergence of the Omicron variant and hawkish comments from the US Federal Reserve chairman, Jay Powell. The US Federal Reserve announced plans to reduce its monthly bond purchases earlier in the month and also signaled a willingness to raise interest rates sooner than market's expectations after expressing concerns about inflation. However, the US unemployment picture showed further signs of improvement after job creation numbers exceeded expectations and there were hopes of new fiscal stimulus following a \$1.9bn social spending plan being passed through the House of Representatives. The S&P500 fell 0.8% in the month.
- European stocks declined due to the rising cases of COVID-19 in the region with some national governments instituting new curbs on social activity, causing investors to worry about a prolonged pandemic derailing the economic recovery. The arrival of the Omicron variant also further clouded the European economic recovery. In the UK, the government introduced new travel restrictions in response to the Omicron variant, whilst the Bank of England delayed hiking interest rates, which surprised the market. The Stoxx Europe 600 fell 2.6% and the FTSE All Share fell 2.5% in the month.
- Asian stocks traded lower as investors weighed the economic impacts of the Omicron variant. Japanese equities had rallied strongly until the news of the new COVID-19 variant as the government announced a \$490bn spending package to stimulate the economy. Investors in Chinese equities continued to adjust their portfolios amid the ongoing regulatory overhaul in a number of sectors under Xi Jinping's "common prosperity" pursuit and the property market crackdown. The MSCI Asia Pacific fell 3.8% in the month.

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 underweight position in sectors that have fewer solutions to address climate change such as Communication Services, Financials and Healthcare were notable contributors to fund performance. Inflationary cost pressures and supply chain disruptions weighed on renewable energy stocks which was a headwind for the fund.

Top contributors to performance:

Hellofresh, Zhuzhou CRRC Times Electric and Impax Asset Management. Hellofresh, a Germany-based online meal kit provider, rose after it delivered solid topline growth in the latest quarter and raised its full year revenue guidance, reflecting the structural strength of consumer demand for its meal kits. Zhuzhou CRRC Times Electric, a China-based train systems manufacturer, traded higher following the upgrade in guidance of its semiconductor chip production amidst the backdrop of strong demand for semiconductors. Impax Asset Management, a UK-based asset manager, rallied on the momentum of last month's quarterly earnings results, which showed healthy asset inflows in the company's sustainability-minded funds.

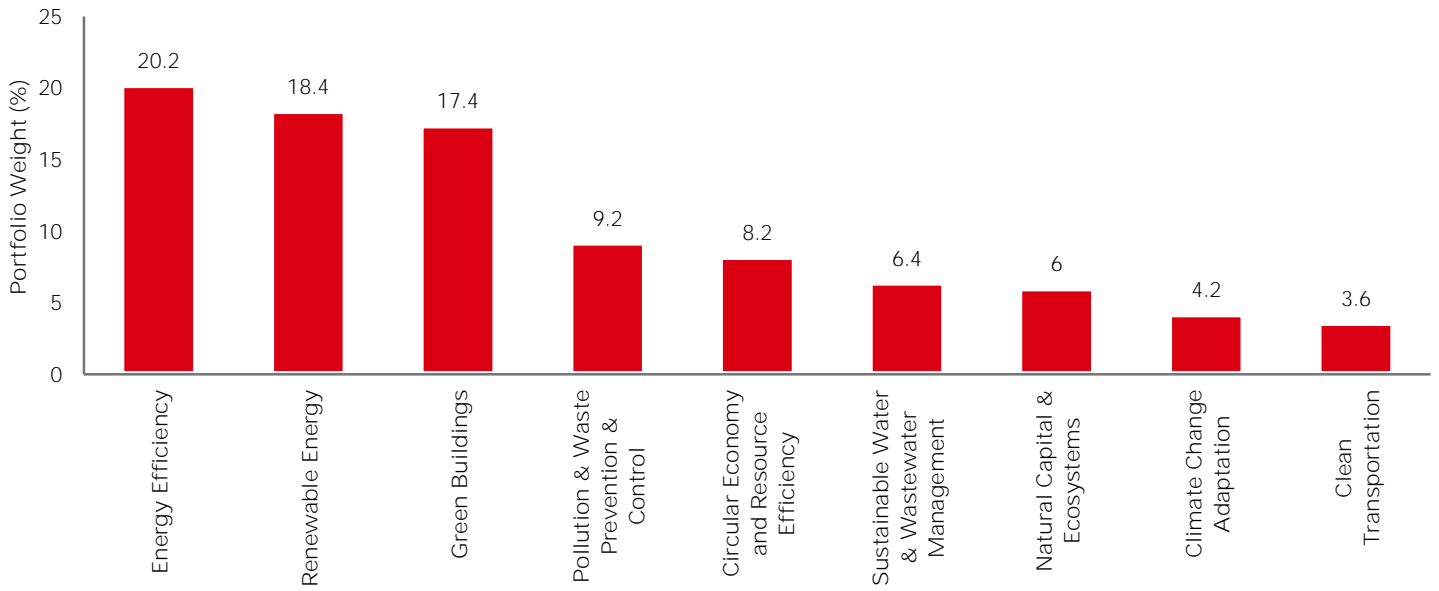
Top detractors to performance:

TPI Composites, Vestas and Autodesk. TPI Composites, a US-based manufacturer of wind turbine blades, fell as its latest quarterly earnings results were impacted by raw material shortages and input cost inflation. Vestas, a Denmark-based wind turbine manufacturer, also dropped as it similarly faced supply chain disruptions which led the company to reduce its profitability outlook for the full fiscal year. Autodesk, a US-based software company, declined after reporting a deceleration in new subscription product sales as supply chain constraints led potential customers delaying purchasing decisions of its software.

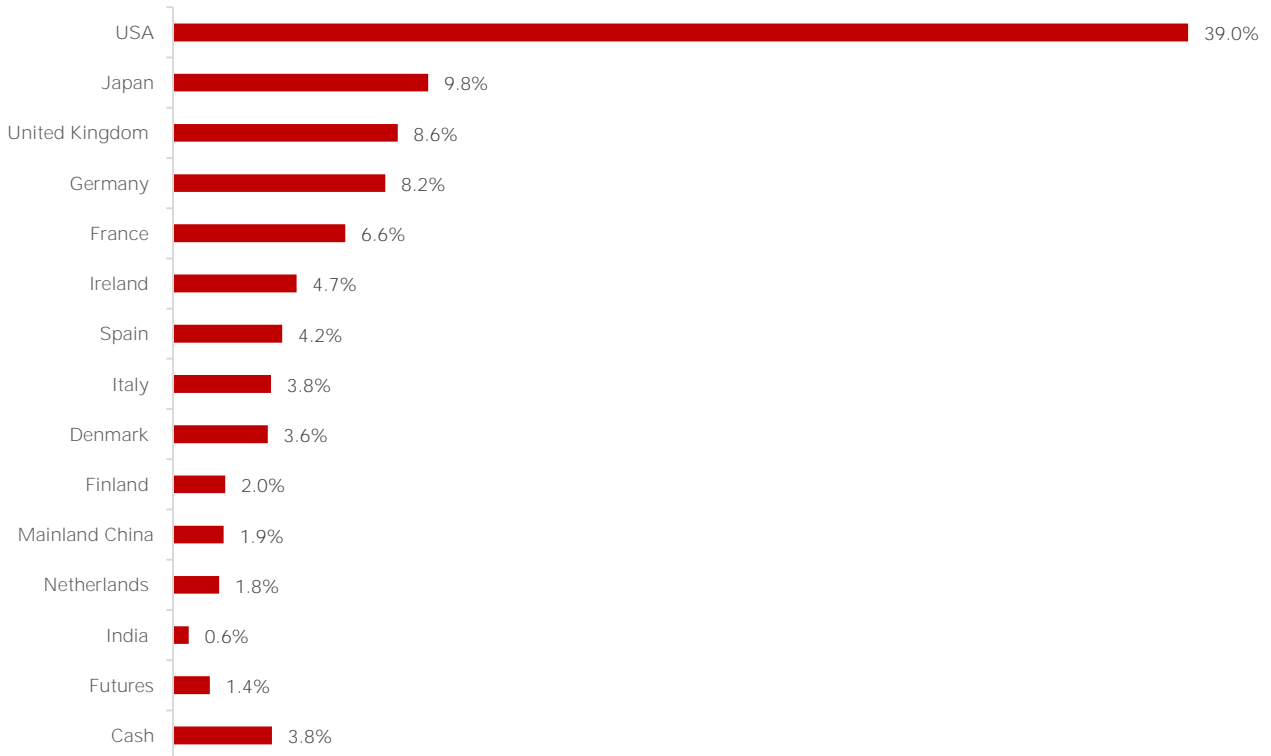
Outlook

- The global economy is entering the expansion phase of the economic cycle. Supportive fiscal and monetary policy combined with 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. Policy mistakes are also possible, including premature withdrawal of fiscal or monetary support. More persistent inflationary pressures could trigger higher government bond yields which pose a risk to current pricing.

Thematic positioning ^



Country allocation



Data as on 30 November 2021, Source: HSBC Asset Management. For illustration purpose only. HGIF Global Equity Climate Change underlying fund commentary

^ Data as at June '21

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 (%)
SCHNEIDER ELECTRIC SE	3.82%
PRYSMIAN SPA	3.75%
INFINEON TECHNOLOGIES AG	3.70%
MICROSOFT CORP	3.59%
ACCENTURE PLC-CL A	3.45%
KINGSPAN GROUP PLC	3.44%
CRODA INTERNATIONAL PLC	3.28%
TRANE TECHNOLOGIES PLC	3.25%
DEERE & CO	3.19%
ECOLAB INC	3.18%
LEGRAND SA	3.06%
VERISK ANALYTICS INC	2.84%
SHIMADZU CORP	2.66%
EDP RENOVAVEIS SA	2.66%
BALL CORP	2.65%
PROLOGIS INC	2.44%
CAPGEMINI SE	2.34%
HELLOFRESH SE	2.28%
AZBIL CORP	2.27%
BRENNTAG SE	2.17%
RENTOKIL INITIAL PLC	2.11%
OMRON CORP	2.11%
SENSATA TECHNOLOGIES HOLDING	2.05%
NESTE OYJ	2.00%
IMPAX ASSET MANAGEMENT GROUP	1.99%
AUTODESK INC	1.96%
WATTS WATER TECHNOLOGIES-A	1.87%
VESTAS WIND SYSTEMS A/S	1.85%
ORSTED A/S	1.79%
PENTAIR PLC	1.64%
SIEMENS GAMESA RENEWABLE ENE	1.54%
SEKISUI CHEMICAL CO LTD	1.45%
AKZO NOBEL N.V.	1.39%
FIRST SOLAR INC	1.32%
SMURFIT KAPPA GROUP PLC	1.30%
MITSUBISHI ELECTRIC CORP	1.29%
SSE PLC	1.24%
PLASTIC OMNIUM	1.22%
ZHUZHOU CRRG TIMES ELECTRIC	1.12%
ORMAT TECHNOLOGIES INC	1.04%
WEICHAI POWER CO LTD-H	0.82%
TPI COMPOSITES INC	0.71%
AZURE POWER GLOBAL LTD	0.60%
SIF HOLDING NV	0.37%
Futures	1.42%
Cash	3.79%
Total	100.00%

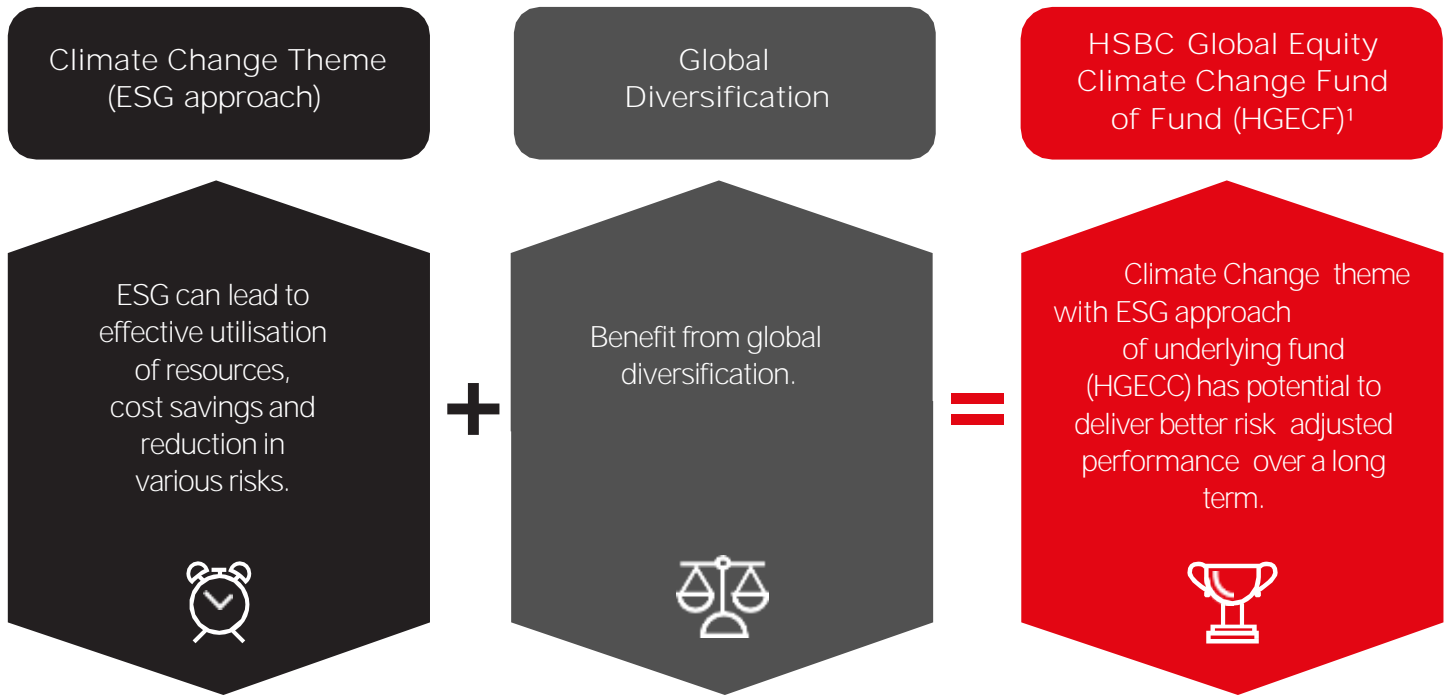
Sector Allocation (%)

Name	End Weight
Industrials	40.91%
Information Technology	23.39%
Materials	11.79%
Utilities	7.32%
Consumer Discretionary	2.67%
Real Estate	2.44%
Consumer Staples	2.28%
Energy	2.00%
Financials	1.99%
Futures	1.42%
Cash	3.79%

Data as on 30 November 2021, 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

Benchmark

MSCI AC World TRI.³

Fund Managers

B. Aswinkumar

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

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		99.26%
HSBC GIF-Global Equity Climate Change	Overseas Mutual Fund	99.26%
Cash Equivalent		0.74%
TREPS*		0.71%
Reverse Repos		0.93%
Net Current Assets:		-0.91%
Total Net Assets as on 30-Nov-2021		100.00%

*TREPS : Tri-Party Repo, Data as on 30 November 2021

Asset Allocation

Overseas Mutual Fund	99.26%
Reverse Repos/TREPS	1.65%
Net Current Assets	-0.91%
Total Net Assets as on 30-Nov-2021	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.

Asset Allocation

Type of Instruments	Indicative asset allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Shares of the underlying Fund i.e. HSBC Global Investment Funds – Global Equity Climate Change	95%	100%	High
Money Market instruments (including TREPS & reverse repo in government securities) and units of liquid & overnight mutual funds	0%	5%	Low to Medium

Note: For complete details on asset allocation of the scheme, please refer to the Scheme Information Document of HSBC Global Equity Climate Change Fund of Fund.

Fund Details – HSBC Global Equity Climate Change Fund of Fund



Fund Manager

B. Aswin Kumar (For Overseas Investments) (since 07 October 2021)
Kapil Punjabi (since 22 March 2021)



AUM (as on 30.11.21)

613.90 Cr



Minimum Investment

Lumpsum	SIP	Additional Purchase
₹ 5,000	₹ 500	₹ 1,000



Benchmark ³

MSCI AC World TRI





Inception Date

22 March 2021

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

HSBC Global Equity Climate Change Fund of Fund Riskometer

<p>HSBC Global Equity Climate Change Fund of Fund</p>  <p>Investors understand that their principal Will be at Very High risk.</p>	<p>Fund of Funds (Overseas) - An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change</p> <p>This product is suitable for Investors who are seeking^{##}:</p> <ul style="list-style-type: none"> • To create wealth over long term. • Investment predominantly in Equity and Equity related securities of Mid Cap companies. <p>^{##}Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> <p><small>*Please 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.</small></p>	<p>Benchmark: MSCI AC World TRI</p> 
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Source: HSBC Asset Management, India

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