

## Product Note

### HSBC Global Equity Climate Change Fund of Fund (HGEF)

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

December 2023

## 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.<sup>1</sup>



### 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.<sup>2</sup>



### Clean Transport

Improved and digitalised planning in shipping could lead to fewer kilometers travelled, allowing for industry revenue benefits of USD1.5trn by 2025.<sup>3</sup>



### Green Buildings

In emerging markets alone, Green Buildings are expected to be a USD24.7 trillion investment opportunity by 2030.<sup>4</sup>



### 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.<sup>5</sup>



### 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.<sup>6</sup>

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 USD5trn/year.<sup>7</sup>



### Circular economy and resource efficiency

Switching to a circular economy could unlock an additional USD4.5trn of global GDP by 2030.<sup>8</sup>

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.<sup>9</sup>

Themes such as Clean transport, Clean energy, Water management provide great investment potential

## HGIF Global Equity Climate Change – Monthly Commentary

At sector level, stock selection was positive for the month. Positive performance came from Health Care and Utilities, though this was offset by negative stock selection in Consumer Discretionary and Industrials.

At country level, stock selection was positive for the month. Positive performance came from USA and Germany, though this was offset by negative stock selection in Mainland China and Italy.

German Information Technology security, INFINEON TECHNOLOGIES AG with total effect 0.85% is the top contributor. Additionally, USA Industrials security, TRANE TECHNOLOGIES PLC was the second largest contributor with total effect 0.48%. USA Industrials security, SCHNEIDER ELECTRIC SE also contributed with total effect 0.48%.

On the other side, detractors included Mainland China Consumer Discretionary security BYD CO LTD-H with total effect -0.54%, USA Industrials holding, DEERE & CO with total effect -0.36%, and Italian Industrials holding, PRYSMIAN SPA with total effect -0.26%.

During this period, positions were initiated in ASSTEAD GROUP PLC.  
No positions were closed.

Sector and Country allocation effects are residual to stock selection. At a country level, effects were negative, given an underweight exposure to Mainland China. At sector level, effects were positive, given an overweight exposure to Industrials.

Data as on 30 November 2023

Source: HSBC 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,

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Fund of Fund (FOF) Note - The investors are bearing the recurring expenses of the scheme, in addition to the expenses of other schemes in which the Fund of Funds Scheme makes investments.

# HGIF Global Equity Climate Change - HGECC – Underlying Fund

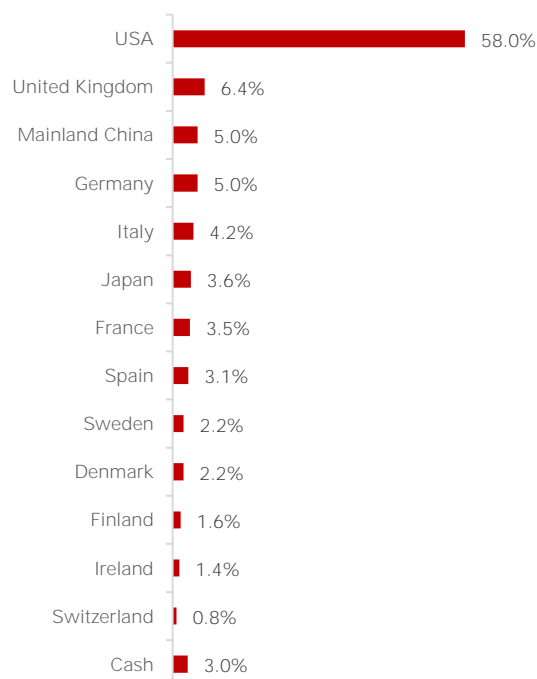
## Portfolio

| Instrument                   | Weight        |
|------------------------------|---------------|
| VERISK ANALYTICS INC         | 4.7%          |
| SCHNEIDER ELECTRIC SE        | 4.7%          |
| MICROSOFT CORP               | 4.6%          |
| TRANE TECHNOLOGIES PLC       | 4.6%          |
| ECOLAB INC                   | 4.5%          |
| ACCENTURE PLC-CL A           | 4.5%          |
| INFINEON TECHNOLOGIES AG     | 4.3%          |
| PRYSMIAN SPA                 | 4.2%          |
| AUTODESK INC                 | 4.1%          |
| WATTS WATER TECHNOLOGIES-A   | 3.6%          |
| EDP RENOVAVEIS SA            | 3.1%          |
| CAPGEMINI SE                 | 2.9%          |
| HUBBELL INC                  | 2.9%          |
| PROLOGIS INC                 | 2.6%          |
| FIRST SOLAR INC              | 2.4%          |
| AZBIL CORP                   | 2.3%          |
| ASSTEAD GROUP PLC            | 2.2%          |
| NIBE INDUSTRIER AB-B SHS     | 2.2%          |
| SSE PLC                      | 2.2%          |
| BALL CORP                    | 2.2%          |
| VESTAS WIND SYSTEMS A/S      | 2.2%          |
| BYD CO LTD-H                 | 2.1%          |
| SENSATA TECHNOLOGIES HOLDING | 2.0%          |
| DANAHER CORP                 | 2.0%          |
| CRODA INTERNATIONAL PLC      | 2.0%          |
| AGILENT TECHNOLOGIES INC     | 1.9%          |
| DEERE & CO                   | 1.8%          |
| ADVANCED DRAINAGE SYSTEMS IN | 1.6%          |
| NESTE OYJ                    | 1.6%          |
| CIMC ENRIC HOLDINGS LTD      | 1.5%          |
| SMURFIT KAPPA GROUP PLC      | 1.4%          |
| OMRON CORP                   | 1.3%          |
| WASTE MANAGEMENT INC         | 1.1%          |
| NARI TECHNOLOGY CO LTD-A     | 1.0%          |
| TRIMBLE INC                  | 0.8%          |
| DSM-FIRMENICH AG             | 0.8%          |
| VERALTO CORP                 | 0.7%          |
| BRENNTAG SE                  | 0.7%          |
| VEOLIA ENVIRONNEMENT         | 0.5%          |
| ENPHASE ENERGY INC           | 0.5%          |
| SUNGROW POWER SUPPLY CO LT-A | 0.4%          |
| Cash                         | 3.0%          |
| <b>Total</b>                 | <b>100.0%</b> |

## Sector Allocation (%)

| Sector                 | Weight      |
|------------------------|-------------|
| Industrials            | 42.2%       |
| Information Technology | 27.8%       |
| Materials              | 10.9%       |
| Utilities              | 5.9%        |
| Health Care            | 3.9%        |
| Real Estate            | 2.6%        |
| Consumer Discretionary | 2.1%        |
| Energy                 | 1.6%        |
| <b>Cash</b>            | <b>3.0%</b> |

## Country allocation

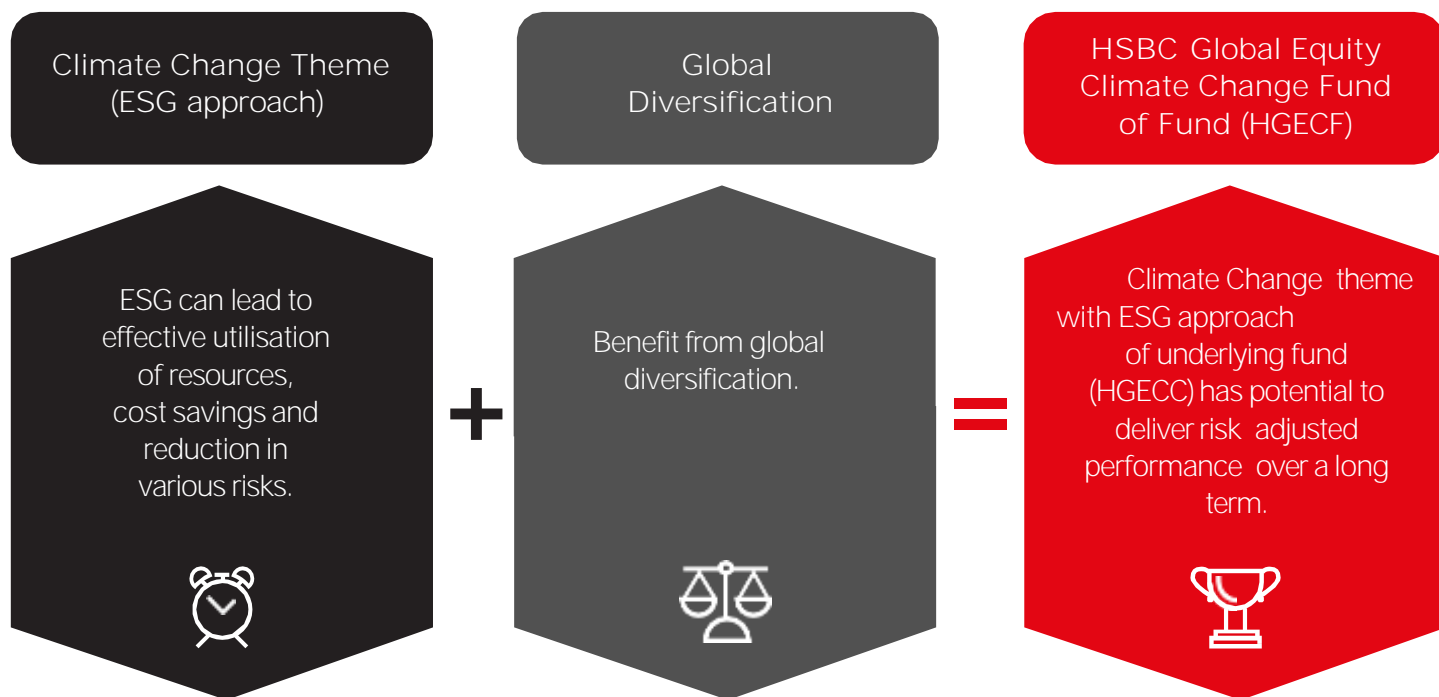


Source: HSBC Asset Management., Bloomberg, Data as on 30 November 2023

Note: The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s).

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

HSBC Global Equity Climate Change Fund of Fund 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

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

<sup>2</sup> 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

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

| Fund Category            | Fund Manager                                    | Benchmark <sup>1</sup> | Inception Date | AUM <sup>1</sup> & |
|--------------------------|---|------------------------|----------------|--------------------|
| Fund of Funds (Overseas) | Sonal Gupta <sup>#</sup> ,<br>Kapil Lal Punjabi | MSCI AC World TRI      | 22 Mar 2021    | Rs. 181.41 Cr      |

Entry Load\*: Not Applicable, Exit Load: In respect of each purchase / switch-in of Units, an Exit Load of 1% is payable if Units are redeemed / switched-out within 1 year from the date of allotment. 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. \* In terms of 10.4.1.a. of SEBI Master Circular on Mutual Funds dated May 19, 2023. no entry load will be charged to the investor effective August 1, 2009. Month End Total Expenses Ratios (Annualized)<sup>3</sup> – Regular<sup>4</sup>: 2.11%, Direct: 1.46%

Investors should note that the expenses to be borne by the investor include the recurring expenses of the Underlying scheme in which Fund of Funds Scheme makes investments subject to the maximum limits prescribed under sub-regulation 6 & 6A of Regulation 52 of the SEBI Regulations.

<sup>1</sup> As per clause 1.9 of the SEBI Master Circular dated May 19, 2023, 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

<sup>2</sup> TER Annualized TER including GST on Investment Management Fees

<sup>3</sup> Continuing plans

<sup>4</sup> For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library/#accordion1446811090=4>.

Source – HSBC Mutual Fund, Data as of 30 November 2023. Past performance may or may not be sustained in the future and is not indicative of future results.

<sup>#</sup> Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

MSCI ACWI TRI = MSCI All Country World Net Return Index (MSCI ACWI NR)

# HSBC Global Equity Climate Change Fund of Fund

## HGIF Global Equity Climate Change – Quarterly Commentary

At sector level, stock selection was negative for the quarter. Positive performance came from Health Care and Consumer Staples, though this was offset by negative stock selection in Utilities and Information Technology.

At country level, stock selection was negative for the quarter. Positive performance came from Italy and France, though this was offset by negative stock selection in USA and Denmark.

USA Industrials security, TRANE TECHNOLOGIES PLC with total effect 0.44% is the top contributor. Additionally, USA Information Technology security, APPLE INC was the second largest contributor with total effect 0.38%. USA Industrials security, VERISK ANALYTICS INC also contributed with total effect 0.33%.

On the other side, detractors included Danish Utilities security ORSTED A/S with total effect -1.05%, Swedish Industrials holding, NIBE INDUSTRIER AB-B SHS with total effect -0.88%, and German Information Technology holding, INFINEON TECHNOLOGIES AG with total effect -0.67%.

During this period, positions were initiated in BYD CO LTD-H. Positions were closed in KINGSPAN GROUP PLC.

Sector and Country allocation effects are residual to stock selection. At a country level, effects were positive, given an overweight exposure to Denmark. At sector level, effects were negative, given an underweight exposure to Industrials.

### Portfolio

| Issuer                                  | Industries           | % to Net Assets |
|---|----------------------|-----------------|
| Mutual Fund Units                       |                      | 96.62%          |
| HSBC GIF GL EQ CLM CHG JCUSD            | Overseas Mutual Fund | 96.62%          |
| Cash Equivalent                         |                      | 3.38%           |
| TREPS*                                  |                      | 4.41%           |
| Net Current Assets:                     |                      | -1.03%          |
| Total Net Assets as on 30-November-2023 |                      | 100.00%         |

Fund Manager - Sonal Gupta Effective 02 Dec 2022. Total Schemes Managed - 15  
Fund Manager - Kapil Lal Punjabi Effective 22 Mar 2021. Total Schemes Managed - 10

### Asset Allocation

|   |         |
|---|---------|
| International - Mutual Fund Units       | 96.62%  |
| Reverse Repos/TREPS                     | 4.41%   |
| Net Current Asset                       | -1.03%  |
| Total Net Assets as on 30-November-2023 | 100.00% |

\*TREPS : Tri-Party Repo, Data as on 30 November 2023

| Lump Sum Investment Performance                               |              |               |              |               |              |               |                 |               | Inception Date |
|---|--------------|---------------|--------------|---------------|--------------|---------------|-----------------|---------------|----------------|
| Fund / Benchmark<br>(Value of Rs 10,000 Invested)             | 1 Year       |               | 3 Years      |               | 5 Years      |               | Since Inception |               |                |
|   | Amount in Rs | PTP Returns % | Amount in Rs | PTP Returns % | Amount in Rs | PTP Returns % | Amount in Rs    | PTP Returns % |                |
| HSBC Global Equity Climate Change Fund of Fund - Regular Plan | 10348        | 3.4755        | NA           | NA            | NA           | NA            | 9009            | -3.80         | 22-Mar-21      |
| Scheme Benchmark (MSCI AC World TRI)                          | 11462        | 14.6214       | NA           | NA            | NA           | NA            | 12430           | 8.41          |                |
| Additional Benchmark (Nifty 50 TRI)                           | 10847        | 8.4666        | NA           | NA            | NA           | NA            | 14123           | 13.68         |                |

PTP returns – Point to Point returns. | Past performance may or may not be sustained in the future and is not indicative of future results. The performance details provided herein are of Regular Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of November 2023 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan. As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 13.4 of the SEBI Master Circular dated May 19, 2023, on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes.

### SIP Performance - HSBC Global Equity Climate Change Fund of Fund - Regular

| Scheme Name & Benchmarks                               | 1 Year  | 3 Years | 5 Years | Since Inception | Inception Date: 22-Mar-21 |
|--|---------|---------|---------|-----------------|---------------------------|
| Total amount invested (₹)                              | 120000  | NA      | NA      | 320000          |                           |
| Market Value as on November 30, 2023 (₹)               | 120,553 | NA      | NA      | 311,277         |                           |
| Scheme Returns (%)                                     | 0.86    | NA      | NA      | -2.00           |                           |
| MSCI AC World Index TRI - Scheme Benchmark (₹)         | 130,463 | NA      | NA      | 361,919         |                           |
| MSCI AC World Index TRI - Scheme Benchmark Returns (%) | 16.62   | NA      | NA      | 9.21            |                           |
| Nifty 50 TRI - Additional Benchmark (₹)                | 130,963 | NA      | NA      | 378,039         |                           |
| Nifty 50 TRI - Additional Benchmark Returns (%)        | 17.44   | NA      | NA      | 12.59           |                           |


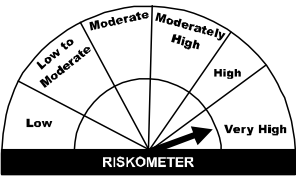
Past performance may or may not be sustained in the future and is not indicative of future results. For SIP returns, monthly investment of Rs.10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. Load is not taken into consideration.

Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Source: HSBC Mutual Fund, data as on 30 November 2023

[Click here](#) to check other funds performance managed by the Fund Manager

## Product Label

| Scheme name and Type of scheme  | Scheme Risk-o-meter  | Benchmark Risk-o-meter  |
|---|--|---|
| <p><b>HSBC Global Equity Climate Change Fund of Fund</b></p> <p><b>Fund of Funds (Overseas)</b> - An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change</p> <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>To create wealth over long term.</li> <li>Investment predominantly in companies positioned to benefit from climate change through fund of funds route</li> </ul> |  | <p>Benchmark Index: MSCI AC World Index TRI</p>  |

\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Note on Risk-o-meters:** Riskometer is as on 30 November 2023, 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

Past performance may or may not be sustained in the future and is not indicative of future results. Source: HSBC Mutual Fund, data as on 30 November 2023

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