

Product Note

HSBC Brazil Fund

An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund.
January 2023

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Fund of Funds (Domestic)	Sonal Gupta	MSCI Brazil 10/40 Index TRI	06 May 2011	Rs. 31.41 Cr

Investment Objective

The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds (HGIF) Brazil Equity Fund. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

Risk Ratios ²	
Standard Deviation	38.55%
Beta	0.94
Sharpe Ratio ³	-0.35
R2	0.98

Portfolio theme HSBC Brazil Equity - Underlying Fund

Long-term drivers of EPS remain in place:

- Brazil EPS growth story is delayed but not derailed
- Stabilisation plan remains the primary underpinning to macro policy
- Low growth, but even lower rates
- Government and Central Bank supporting activity without compromising fiscal austerity. Adjustment via FX

Attractive Valuations:

- Volatility has created an attractive entry point in our view
- Structural change in allocation towards equities, but at a slower pace

Investment Commentary

Contributors to relative performance included VALE(Materials) with a total effect of 0.23%. Additionally, SUZANO PAPEL E CELULO-PREF A (Materials) was in the top two contributors with a total effect of 0.22%.

Detractors included PETRO RIO (Energy) with a total effect of -0.3% and COSAN LTD-CLASS A SHARES (Energy) with a total effect of -0.24%.

During this period, positions were closed in LOCALIZA RENT A CAR SA-RIGHT.

Sector allocation effects are residual to stock selection. At the sector level, effects were negative, given an underweight exposure to Utilities.

Data as on 31 December 2022.

¹ 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

² Statistical Ratios disclosed are as per monthly returns (Annualized) for the last 3 years.

³ Risk free rate: 6.60% (FIMMDA-NSE MIBOR) as on December 31, 2022

⁴ Continuing plans

HGIF Global Brazil- HBF – Underlying Fund

Portfolio

Instrument	Weight (%)
VALE SA	12.8%
ITAU UNIBANCO HOLDING S-PREF	9.0%
CENTRAIS ELETRICAS BRASILIER	5.9%
WEG SA	5.8%
PETROBRAS - PETROLEO BRAS	5.7%
BANCO BRADESCO S.A.	4.8%
B3 SA-BRASIL BOLSA BALCAO	4.7%
GERDAU SA-PREF	4.4%
BANCO BTG PACTUAL SA-UNIT	4.4%
SUZANO PAPEL E CELULO-PREF A	4.3%
LOCALIZA RENT A CAR	4.1%
AMBEV SA	4.0%
COSAN LTD-CLASS A SHARES	3.9%
LOJAS RENNER S.A.	3.2%
HAPVIDA PARTICIPACOES E INVE	3.0%
REDE D'OR SAO LUIZ SA	2.4%
ENERGISA SA-UNITS	1.8%
ITAUSA SA	1.6%
MERCADOLIBRE INC	1.5%
ATACADA0 SA	1.4%
MAGAZINE LUIZA SA	1.1%
iShares MSCI Brazil ETF (DE)	1.0%
Pooled	1.0%
RAIA DROGASIL SA	0.9%
JBS SA	0.9%
BB SEGURIDADE PARTICIPACOES	0.8%
NATURA COSMETICOS SA	0.8%
VIBRA ENERGIA SA	0.7%
BANCO DO BRASIL S.A.	0.6%
KLABIN SA - UNIT	0.5%
TOTVS SA	0.4%
INTER & CO INC - BDR	0.2%
BRF SA	0.2%
Cash	4.4%
Total	100.00%

Data as on 31 December 2022, Source – HSBC Asset Management

Sector Allocation (%)

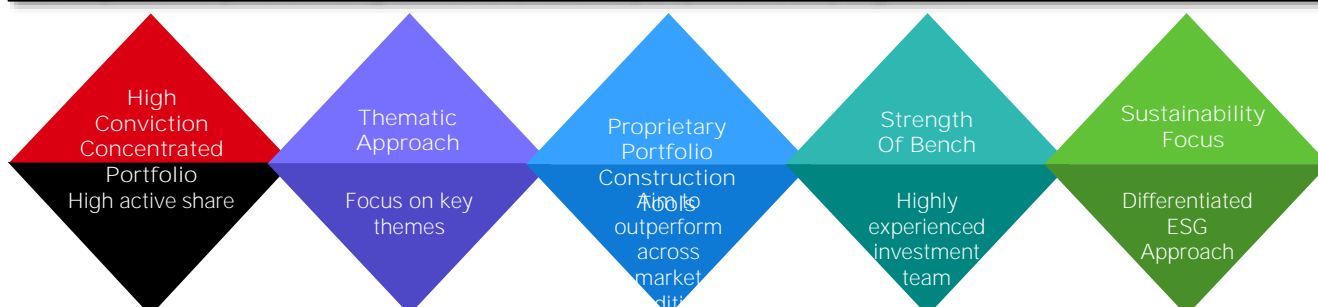
Name	End Weight
Financials	26.2%
Materials	22.0%
Industrials	9.9%
Energy	9.6%
Consumer Staples	8.2%
Utilities	7.7%
Consumer Discretionary	6.4%
Health Care	5.4%
Pooled	1.0%
Cash	3.1%

Who Can Benefit From This Fund?

- Investor who wish to have geographical and sectorial diversification leading to risk reduction
- It can helps in diversifying a predominantly domestic portfolio
- Different geographical economies may deliver varying and contrasting risk adjusted performance in various economic & investment cycles
- Provides opportunities to invest in various themes

Load / Expenses	
Entry Load	NA
Exit Load - (i) 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. (ii) No Exit Load will be charged, if units are redeemed / switched-out after 1 year from the date of allotment. ⁴	
Expense ratio (Other than Direct) ⁴	2.45%
Expense ratio (Direct)	1.69%

Competitive positioning - HSBC Brazil Equity - Underlying Fund



The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The Fund may or may not have any future position in these stocks.

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HSBC Brazil Fund

An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund.

Fund of Funds - Portfolio

Issuer	Industries	% to Net Assets
Mutual Fund Units		96.62%
HSBC GIF BRAZIL EQUITY S3D	Overseas Mutual Fund	96.62%
Cash Equivalent		3.38%
TREPS*		4.97%
Net Current Assets:		-1.59%
Total Net Assets as on 31-December-2022		100.00%

*TREPS : Tri-Party Repo
Data as of 31 December '22

Asset Allocation – Fund of Fund

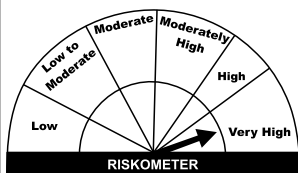
Overseas Mutual Fund	96.62%
Reverse Repos/TREPS	4.97%
Net Current Assets	-1.59%
Total Net Assets as on 31-December-2022	100.00%

HSBC Brazil Fund

Fund of Funds (Overseas) - An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - (HGIF) Brazil Equity Fund.

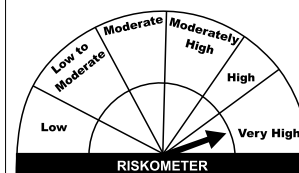
This product is suitable for investors who are seeking*:

- To create wealth over long term
- Invests in equity and equity related securities through feeder route in Brazilian markets



Investors understand that their principal will be at Very High risk

Benchmark: MSCI Brazil 10/40 Index TRI



* 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 31 Dec 2022, 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 is not an indicator of future returns. Source: HSBC Asset Management India, data as at 31 Dec 2022

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