

## Product Note

# HSBC Global Emerging Markets Fund

An open-ended fund of fund scheme investing in HSBC Global Investment Funds – Global Emerging Markets Equity Fund  
April 2023

Fund Category	Fund Manager	Benchmark <sup>1</sup>	Inception Date	AUM
Fund of Funds (Domestic)	Sonal Gupta	MSCI Emerging Markets Index TRI	17 Mar 2008	Rs. 19.60 Cr
Risk Ratios <sup>2</sup>		Load / Expenses		
Standard Deviation	18.23%	Entry Load		NA
Beta	1.01	Exit Load - 1% if redeemed / switched out within 1 year from date of allotment, else nil		
Sharpe Ratio <sup>3</sup>	0.12	Expense ratio (Other than Direct) <sup>5</sup>		2.40%
R2	0.93	Expense ratio (Direct)		1.70%

### Investment Objective

#### HSBC Global Emerging Markets Fund (Fund of Fund)

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 - Global Emerging Markets Equity Fund. 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.

### HGIF Global Emerging Markets Fund (HGFMF) Underlying fund strategy

Stock selection was negative for the month. Positive performance came from Communication Services and Energy, though this was offset by negative stock selection in Financials and Consumer Discretionary.

Taiwan Information Technology security, **WIWYNN** with total effect 0.3% was the top contributor. Additionally, Indonesian Financials security, **BANK RAKYAT INDONESIA PERSER** was the second largest contributor with total effect 0.15%. South African Communication Services security, **AIRTEL AFRICA PLC** also contributed with total effect 0.15%.

On the other side, detractors included South African Materials security **ANGLO AMERICAN PLC** with total effect -0.29%, Mainland China Consumer Discretionary holding **ALIBABA GROUP HOLDING** with total effect -0.29%, and Mainland China Information Technology holding **XINYI SOLAR HOLDINGS** with total effect -0.27%

During this period, positions were initiated in **CONTEMPORARY AMPEREX TECHN-A**. No positions were closed during the period.

Sector and country allocation effects are residual to stock selection. At the country level, effects were positive, given an overweight exposure to Kenya. At the sector level, effects were positive, given an underweight exposure to Consumer Discretionary.

Data as on 31 March 2023

<sup>1</sup> 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

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

<sup>3</sup> Risk free rate: 7.79% (FIMMDA-NSE MIBOR) as on March 31, 2023

<sup>4</sup> Continuing plans

# HGIF Global Emerging Markets Fund (HGMF) Monthly Commentary March 31, 2023

At sector level, stock selection was negative for the month. Positive performance came from Consumer Discretionary and Information Technology, though this was offset by negative stock selection in Communication Services and Utilities.

At country level, stock selection was negative for the month. Positive performance came from Mainland China and Taiwan, though this was offset by negative stock selection in South Africa and India.

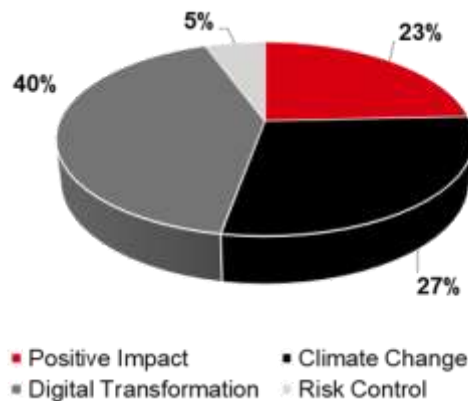
Mainland China Consumer Discretionary security, **ALIBABA GROUP HOLDING LTD** with total effect 0.28% is the top contributor. Additionally, Mainland China Information Technology security, **XINYI SOLAR HOLDINGS LTD** was the second largest contributor with total effect 0.18%. Mainland China Industrials security, **ESTUN AUTOMATION CO LTD-A** also contributed with total effect 0.17%.

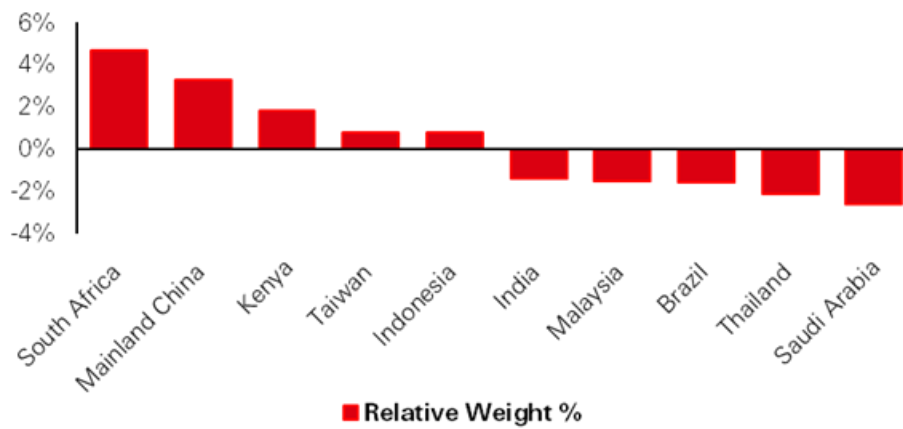
On the other side, detractors included Kenyan Communication Services security **SAFARICOM PLC** with total effect -0.52%, Indian Financials holding, **BANDHAN BANK LTD** with total effect -0.38%, and South African Communication Services holding, **MTN GROUP LTD** with total effect -0.36%.

During this period, positions were initiated in **GRUPO FINANCIERO BANORTE-O**.

Positions were closed in **NASPERS LTD-N SHS**, **PDD HOLDINGS INC**, and **NIO INC - ADR**.

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





## TURNOVER

There were no new or removed positions during the month. The portfolio remains concentrated with 40 holdings and an active share of ~75%.

## OUTLOOK

- The February correction in EM equities is best viewed in the context of the sharp rally in Chinese and EM equities from the low point in October 2022 and the January rally in long duration tech stocks globally. Expectations of a recovery in growth (China reopening) and Fed rates peaking had buoyed investor sentiment towards risk assets and increased the potential for a near term pullback as the market waits for earnings upgrade to support the valuation re-rating. Nevertheless, there are a number of reasons to remain constructive on the asset class.
- China's policy pivot away from Zero-Covid and efforts to stabilise the property market should bode well for a much-needed recovery in 2023 GDP growth (we now expect 5.5% for 2023). February's strong PMI reading appears to support the recovery thesis. Also, in China, the rhetoric towards the large internet companies has improved at the margin, creating hopes that regulatory reset is now behind us. China's economic recovery should bode well for EM economic growth to outpace global growth this year.
- Valuations for the asset class remain near the bottom of its historic range and at a significant discount versus developed market equities.

The strategy invests in companies aligned with three investment mega trends: climate change and the energy transition, digital transformation and investing with positive impact. Such companies are likely to have a strong and visible earnings trajectory over the coming decade as these mega trends and their disruptive impact play out.

# HGIF Global Emerging Markets- HEMF – Underlying Fund

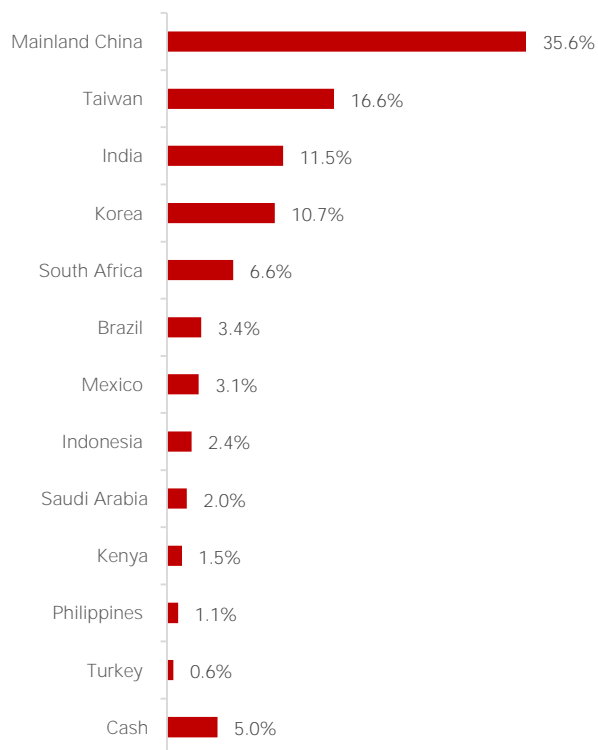
## Portfolio

Instrument	Weight (%)
TAIWAN SEMICONDUCTOR CO LTD	8.3%
SAMSUNG ELECTRONICS CO LTD	6.1%
TENCENT HOLDINGS LTD	6.0%
ALIBABA GROUP HOLDING LTD	5.3%
RELIANCE INDUSTRIES LTD	4.4%
HON HAI PRECISION INDUSTRY	3.0%
HYUNDAI MOTOR CO	2.9%
HINDUSTAN UNILEVER LTD	2.9%
MTN GROUP LTD	2.8%
NARI TECHNOLOGY CO LTD-A	2.5%
BANK RAKYAT INDONESIA PERSER	2.4%
BAIDU INC-CLASS A	2.3%
SHENZHEN MINDRAY BIO-MEDIC-A	2.1%
WEICHAI POWER CO LTD-H	2.0%
XINYI SOLAR HOLDINGS LTD	2.0%
CHROMA ATE INC	2.0%
SAUDI TADAWUL GROUP HOLDING	2.0%
BANCO BRADESCO S.A.	1.9%
GENTERA SAB DE CV	1.9%
ESTUN AUTOMATION CO LTD-A	1.9%
AIRTEL AFRICA PLC	1.9%
ANGLO AMERICAN PLC	1.9%
CHINA LONGYUAN POWER GROUP-H	1.9%
MEDIATEK INC	1.8%
CIMC ENRIC HOLDINGS LTD	1.8%
SHRIRAM FINANCE LTD	1.8%
BANDHAN BANK LTD	1.8%
CONTEMPORARY AMPEREX TECHN	1.8%
SK HYNIX INC	1.7%
SAFARICOM PLC	1.5%
CENTRAIS ELETRICAS BRASILIER	1.4%
WIWYNN CORP	1.4%
XINJIANG GOLDWIND SCI&TEC-H	1.4%
WUXI BIOLOGICS CAYMAN INC	1.4%
MEITUAN-CLASS B	1.3%
PING AN INSURANCE GROUP CO-H	1.2%
GRUPO FINANCIERO BANORTE-O	1.2%
PLDT INC	1.1%
JD.COM INC - CL A	0.7%
TURKCELL ILETISIM HIZMET AS	0.6%
INFOSYS LTD	0.6%
Cash	5.0%
Total	100.00%

## Sector Allocation (%)

Name	Weight
Information Technology	27.0%
Communication Services	16.2%
Financials	14.3%
Industrials	11.5%
Consumer Discretionary	10.1%
Energy	4.4%
Health Care	3.5%
Utilities	3.3%
Consumer Staples	2.9%
Materials	1.9%
Cash	5.0%

## Country allocation



Data as on 31 March 2023, Source – HSBC Asset Management. 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.

# HSBC Global Emerging Markets Fund

An open-ended fund of fund scheme investing in HSBC Global Investment Funds – Global Emerging Markets Equity Fund

## Portfolio

Issuer	Industries	% to Net Assets
<b>Mutual Fund Units</b>		
HSBC GIF GLOB EMERG MKTS EQ S1 DIS	Overseas Mutual Fund	92.08%
<b>Cash Equivalent</b>		
TREPS*		7.92%
Net Current Assets:		8.86%
Total Net Assets as on 31-March 2023		-0.94%
		100.00%

## Portfolio

Overseas Mutual Fund	92.08%
Reverse Repos/TREPS	8.86%
Net Current Assets	-0.94%
<b>Total Net Assets as on 31-March-2023</b>	<b>100.00%</b>

\*TREPS : Tri-Party Repo, Data as on 31 March 2023

## Who Can Benefit From This Fund?

- Investor who wish to have geographical and sectorial diversification leading to risk reduction
- Investors may access potential currency adjusted performance benefit through global investments

HSBC Global Emerging Markets Fund		
 <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p><b>Fund of Funds (Overseas)</b> - An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - (HGIF) Brazil Equity Fund.</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 units of HSBC Global Investment Funds - Global Emerging Markets Equity Fund</li> </ul>	<p><b>Benchmark: MSCI Emerging Markets Index TRI</b></p>  <p><b>RISKOMETER</b></p>
<p>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>		

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**Note on Risk-o-meters:** 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. 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 March 2023

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 HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.  
 GST - 27AABCH0007N1ZS, Email: investor.line@mutualfunds.hsbc.co.in | Website: www.assetmanagement.hsbc.co/in

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