

## 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)

February 2024

#### 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 USD18trn 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 negative for the month. Positive performance came from Materials and Consumer Staples, though this was offset by negative stock selection in Information Technology and Industrials.

At country level, stock selection was negative for the month. Positive performance came from France and Switzerland, though this was offset by negative stock selection in USA and Spain.

USA Consumer Discretionary security, TESLA INC with total effect 0.26% is the top contributor. Additionally, French Information Technology security, CAPGEMINI SE was the second largest contributor with total effect 0.21%. USA Information Technology security, APPLE INC also contributed with total effect 0.21%.

On the other side, detractors included Spanish Utilities security EDP RENOVAVEIS SA with total effect -0.69%, German Information Technology holding, INFINEON TECHNOLOGIES AG with total effect -0.54%, and USA Information Technology holding, NVIDIA CORP with total effect -0.42%.

During this period, positions were initiated in SYENSQO SA.  
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 negative, given an underweight exposure to Industrials.

Data as on 31 January 2024

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

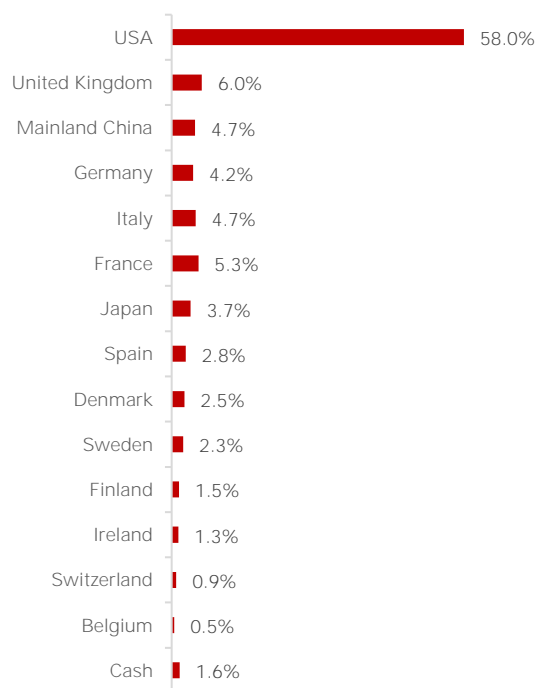
## Portfolio

Instrument	Weight
PRYSMIAN SPA	4.7%
MICROSOFT CORP	4.6%
ACCENTURE PLC-CL A	4.6%
AUTODESK INC	4.5%
SCHNEIDER ELECTRIC SE	4.4%
TRANE TECHNOLOGIES PLC	4.4%
ECOLAB INC	4.1%
VERISK ANALYTICS INC	4.0%
WATTS WATER TECHNOLOGIES-A	3.7%
CAPGEMINI SE	3.7%
INFINEON TECHNOLOGIES AG	3.5%
HUBBELL INC	3.2%
PROLOGIS INC	2.9%
EDP RENOVAVEIS SA	2.8%
VESTAS WIND SYSTEMS A/S	2.5%
ASSTEAD GROUP PLC	2.4%
AZBIL CORP	2.4%
NIBE INDUSTRIER AB-B SHS	2.3%
FIRST SOLAR INC	2.2%
SENSATA TECHNOLOGIES HOLDING	2.2%
BALL CORP	2.2%
DANAHER CORP	2.1%
SSE PLC	2.0%
AGILENT TECHNOLOGIES INC	1.9%
DEERE & CO	1.9%
BYD CO LTD-H	1.8%
ADVANCED DRAINAGE SYSTEMS IN	1.7%
CRODA INTERNATIONAL PLC	1.6%
NESTE OYJ	1.5%
OMRON CORP	1.4%
CIMC ENRIC HOLDINGS LTD	1.4%
SMURFIT KAPPA GROUP PLC	1.3%
WASTE MANAGEMENT INC	1.2%
SPIE SA	1.1%
NARI TECHNOLOGY CO LTD-A	0.9%
DSM-FIRMENICH AG	0.9%
TRIMBLE INC	0.9%
BRENNTAG SE	0.7%
VERALTO CORP	0.7%
SUNGROW POWER SUPPLY CO LT-A	0.6%
VEOLIA ENVIRONNEMENT	0.6%
SYENSQO SA	0.5%
ENPHASE ENERGY INC	0.5%
<b>Cash</b>	<b>1.6%</b>
<b>Total</b>	<b>100.0%</b>

## Sector Allocation (%)

Sector	Weight
Industrials	44.1%
Information Technology	28.2%
Materials	10.6%
Utilities	5.3%
Health Care	4.0%
Real Estate	2.9%
Consumer Discretionary	1.8%
Energy	1.5%
<b>Cash</b>	<b>1.6%</b>

## Country allocation

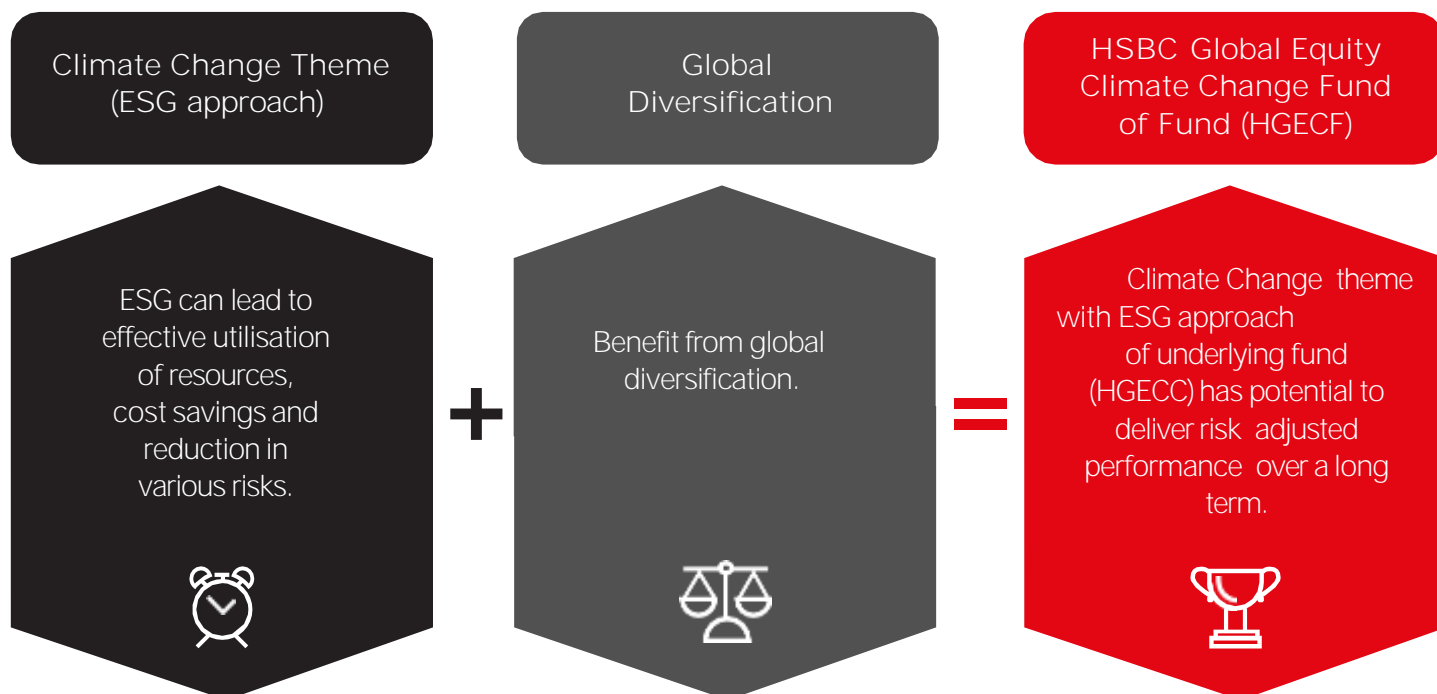


Source: HSBC Asset Management., Bloomberg, Data as on 31 January 2024

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> , Kapil Lal Punjabi	MSCI AC World TRI	22 Mar 2021	Rs. 163.15 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 31 January 2024. 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 positive for the quarter. Positive performance came from Utilities and Materials, though this was offset by negative stock selection in Consumer Discretionary and Information Technology.

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

Danish Industrials security, VESTAS WIND SYSTEMS A/S with total effect 0.68% is the top contributor. Additionally, German Information Technology security, INFINEON TECHNOLOGIES AG was the second largest contributor with total effect 0.56%. USA Industrials security, TRANE TECHNOLOGIES PLC also contributed with total effect 0.45%.

On the other side, detractors included Mainland China Consumer Discretionary security BYD CO LTD-H with total effect -0.60%, USA Industrials holding, VERISK ANALYTICS INC with total effect -0.48%, and USA Industrials holding, DEERE & CO with total effect -0.29%.

During this period, positions were initiated in ASSTEAD GROUP PLC, VERALTO CORP, VEOLIA ENVIRONNEMENT, and SPIE SA.

Positions were closed in ORSTED A/S, and SOLAREDGE TECHNOLOGIES INC.

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.

### Portfolio

Issuer	Industries	% to Net Assets
Mutual Fund Units		96.17%
HSBC GIF GL EQ CLM CHG JCUSD	Overseas Mutual Fund	96.17%
Cash Equivalent		3.83%
TREPS*		4.55%
Net Current Assets:		-0.72%
Total Net Assets as on 31-January-2024		100.00%

### Asset Allocation

International - Mutual Fund Units	96.17%
Reverse Repos/TREPS	4.55%
Net Current Asset	-0.72%
Total Net Assets as on 31-January-2024	100.00%

\*TREPS : Tri-Party Repo, Data as on 31 January 2024

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

Lump Sum Investment Performance									Inception Date
Fund / Benchmark (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	10400	4.00	NA	NA	NA	NA	9410	-2.10	22-Mar-21
Scheme Benchmark (MSCI AC World TRI)	11644	16.44	NA	NA	NA	NA	13041	9.72	
Additional Benchmark (Nifty 50 TRI)	12435	24.35	NA	NA	NA	NA	15247	15.87	

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 January 2024 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					Inception Date: 22-Mar-21
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	NA	NA	340000	
Market Value as on January 31, 2024 (₹)	124,811	NA	NA	345,361	
Scheme Returns (%)	7.50	NA	NA	1.08	
MSCI AC World Index TRI - Scheme Benchmark (₹)	133,135	NA	NA	400,288	
MSCI AC World Index TRI - Scheme Benchmark Returns (%)	20.85	NA	NA	11.55	
Nifty 50 TRI - Additional Benchmark (₹)	138,417	NA	NA	428,878	
Nifty 50 TRI - Additional Benchmark Returns (%)	29.55	NA	NA	16.64	

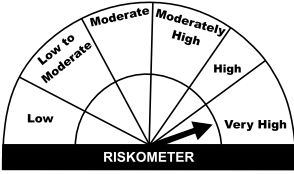

Past performance may or may not be sustained in the future and is not indicative of future results. For SIP returns, monthly investment of Rs.10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. 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 31 January 2024

[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>Investors understand that their principal will be at Very High risk</p>	<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 31 January 2024, 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 31 January 2024

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