

Product Note

HSBC Brazil Fund

An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund.
March 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. 31.05 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	37.81%
Beta	0.93
Sharpe Ratio ³	-0.20
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

February Monthly Commentary

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

Consumer Discretionary security, MERCADOLIBRE with total effect 0.23% was the top contributor. Additionally, Financials security, ITAU UNIBANCO HOLDING S-PREF was the second largest contributor with total effect 0.15%. Materials security, SUZANO PAPEL E CELULO-PREF A also contributed with total effect 0.13%.

On the other side, detractors included Materials security VALE with total effect -0.25%, Energy holding PETROBRAS - PETROLEO BRAS with total effect -0.15%, and Health Care holding REDE D'OR SAO LUIZ with total effect -0.15%

During this period, positions were initiated in CIA SANEAMENTO BASICO DE SP.No positions were closed during the period.

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

Data as on 28 February 2023,

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: 6.70% (FIMMDA-NSE MIBOR) as on February 28, 2023

⁴ Continuing plans

HGIF Global Brazil- HBF – Underlying Fund

Portfolio

Instrument	Weight (%)
VALE SA	11.4%
ITAU UNIBANCO HOLDING S-PREF	9.5%
WEG SA	6.1%
PETROBRAS - PETROLEO BRAS	6.1%
CENTRAIS ELETRICAS BRASILIER	5.1%
GERDAU SA-PREF	4.4%
SUZANO PAPEL E CELULO-PREF A	4.4%
LOCALIZA RENT A CAR	4.4%
BANCO BRADESCO S.A.	4.3%
B3 SA-BRASIL BOLSA BALCAO	3.9%
AMBEV SA	3.9%
BANCO BTG PACTUAL SA-UNIT	3.8%
LOJAS RENNER S.A.	3.0%
HAPVIDA PARTICIPACOES E INVE	2.8%
COSAN LTD-CLASS A SHARES	2.7%
CIA SANEAMENTO BASICO DE SP	2.5%
MERCADOLIBRE INC	2.2%
REDE D'OR SAO LUIZ SA	2.1%
iShares MSCI Brazil ETF (DE)	1.7%
Pooled	1.7%
PETRO RIO SA	1.7%
ITAUSA SA	1.6%
ENERGISA SA-UNITS	1.6%
MAGAZINE LUIZA SA	1.4%
ATACADAO SA	1.3%
NATURA COSMETICOS SA	1.1%
RAIA DROGASIL SA	0.9%
BB SEGURIDADE PARTICIPACOES	0.8%
JBS SA	0.8%
BANCO DO BRASIL S.A.	0.7%
VIBRA ENERGIA SA	0.7%
KLABIN SA - UNIT	0.5%
TOTVS SA	0.4%
INTER & CO INC - BDR	0.2%
BRF SA	0.1%
Cash	2.7%
Total	100.00%

Data as on 28 February 2023, Source – HSBC Asset Management

Sector Allocation (%)

Name	End Weight
Financials	24.9%
Materials	20.7%
Energy	10.5%
Industrials	10.5%
Utilities	9.2%
Consumer Staples	8.1%
Consumer Discretionary	7.3%
Health Care	4.9%
[Pooled]	1.7%
Information Technology	0.4%
Cash	1.8%

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.

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		95.33%
HSBC GIF BRAZIL EQUITY S3D	Overseas Mutual Fund	95.33%
Cash Equivalent		4.67%
TREPS*		4.96%
Net Current Assets:		-2.29%
Total Net Assets as on 28-February-2023		100.00%

*TREPS : Tri-Party Repo
Data as of 28 February '23

Asset Allocation – Fund of Fund

Overseas Mutual Fund	95.33%
Reverse Repos/TREPS	4.96%
Net Current Assets	-0.29%
Total Net Assets as on 28-February-2023	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: 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 28 Feb 2023

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