

# Product Note

## HSBC Brazil Fund

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

Fund Category	Fund Manager	Benchmark <sup>1</sup>	Inception Date	AUM
Fund of Funds (Domestic)	Sonal Gupta	MSCI Brazil 10/40 Index TRI	06 May 2011	Rs. 33.34 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.

### 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

### Fund Commentary

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

Energy security, PETROBRAS - PETROLEO BRAS was the one of the largest contributor with total effect 0.15%. Consumer Discretionary security, MERCADOLIBRE INC also contributed with total effect 0.14%.

On the other side, detractors included Health Care security HAPVIDA PARTICIPACOES E INVE with total effect -0.46%

During this period, no positions were opened.

No positions were closed.

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

Risk Ratios <sup>2</sup>	
Standard Deviation	32.40%
Beta	0.95
Sharpe Ratio <sup>3</sup>	0.06
R2	0.97

Data as on 30 April 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: 6.90% (FIMMDA-NSE MIBOR) as on April 28, 2023

<sup>4</sup> Continuing plans

# HGIF Global Brazil- HBF – Underlying Fund

## Portfolio

Instrument	Weight (%)
ITAU UNIBANCO HOLDING S-PREF	9.8%
VALE SA	7.9%
WEG SA	7.0%
PETROBRAS - PETROLEO BRAS	5.8%
CENTRAIS ELETRICAS BRASILIER	5.1%
LOCALIZA RENT A CAR	4.7%
BANCO BRADESCO S.A.	4.6%
BANCO BTG PACTUAL SA-UNIT	4.5%
B3 SA-BRASIL BOLSA BALCAO	4.4%
AMBEV SA	4.1%
iShares MSCI Brazil ETF (DE)	3.6%
Pooled	3.6%
GERDAU SA-PREF	3.2%
SUZANO PAPEL E CELULO-PREF A	3.0%
COSAN LTD-CLASS A SHARES	2.8%
LOJAS RENNEN S.A.	2.6%
CIA SANEAMENTO BASICO DE SP	2.3%
REDE D'OR SAO LUIZ SA	1.9%
HAPVIDA PARTICIPACOES E INVE	1.8%
BANCO DO BRASIL S.A.	1.8%
PETRO RIO SA	1.8%
ENERGISA SA-UNITS	1.8%
ITAUSA SA	1.8%
TOTVS SA	1.6%
ATACADAO SA	1.6%
MERCADOLIBRE INC	1.5%
MAGAZINE LUIZA SA	1.3%
RAIA DROGASIL SA	1.1%
BB SEGURIDADE PARTICIPACOES	0.8%
NATURA COSMETICOS SA	0.8%
JBS SA	0.8%
VIBRA ENERGIA SA	0.6%
KLABIN SA - UNIT	0.5%
INTER & CO INC	0.2%
BRF SA	0.1%
Cash	3.6%
<b>Total</b>	<b>100.00%</b>

Data as on 30 April 2023, Source – HSBC Asset Management

## Sector Allocation (%)

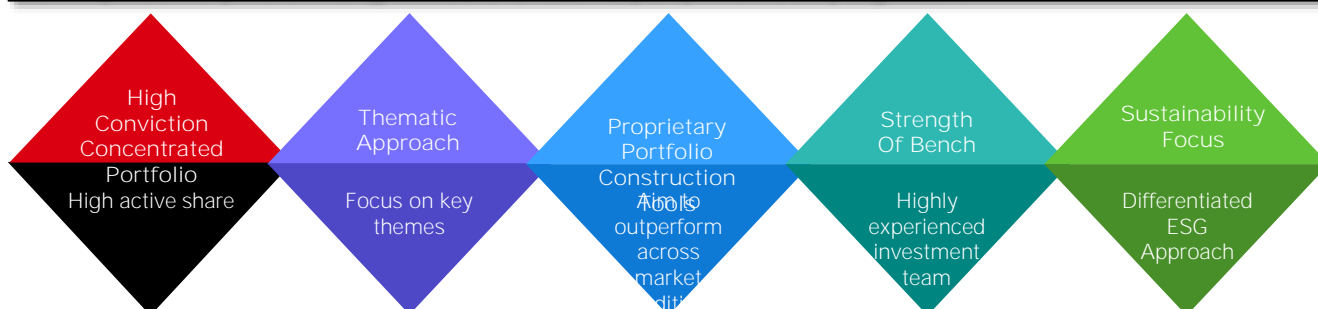
Name	End Weight
Financials	27.9%
Materials	14.6%
Industrials	11.7%
Energy	10.3%
Utilities	9.2%
Consumer Staples	8.4%
Consumer Discretionary	6.1%
Health Care	3.8%
Pooled	3.6%
Information Technology	1.6%
Cash	2.8%

## 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. <sup>4</sup>	
Expense ratio (Other than Direct) <sup>4</sup>	2.42%
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
<b>Mutual Fund Units</b>		<b>96.71%</b>
HSBC GIF BRAZIL EQUITY S3D	Overseas Mutual Fund	96.71%
<b>Cash Equivalent</b>		<b>3.29%</b>
<b>TREPS*</b>		<b>3.91%</b>
<b>Net Current Assets:</b>		<b>-0.62%</b>
<b>Total Net Assets as on 30-April-2023</b>		<b>100.00%</b>

\*TREPS : Tri-Party Repo  
Data as of 30 April '23

## Asset Allocation – Fund of Fund

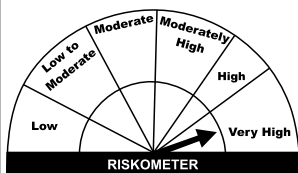
Overseas Mutual Fund	96.71%
Reverse Repos/TREPS	3.91%
Net Current Assets	-0.62%
<b>Total Net Assets as on 30-April-2023</b>	<b>100.00%</b>

### HSBC Brazil Fund

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

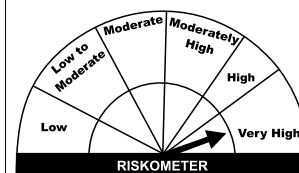
This product is suitable for investors who are seeking\*:

- 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 30 April 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.