

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)

September 2023

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

 <p>Renewable Energy</p> <p>Sustainable transition away from fossil fuels will need to be USD110trn of investment in renewable energies cumulatively to 2050.¹</p>	 <p>Energy Efficiency</p> <p>Globally enhanced energy efficiency investments could boost cumulative economic output by USD18tr to 2035, increasing growth by 0.25-1.1% per year.²</p>	 <p>Clean Transport</p> <p>Improved and digitalised planning in shipping could lead to fewer kilometers travelled, allowing for industry revenue benefits of USD1.5trn by 2025.³</p>	 <p>Green Buildings</p> <p>In emerging markets alone, Green Buildings are expected to be a USD24.7 trillion investment opportunity by 2030.⁴</p>	 <p>Sustainable Water & Wastewater Management</p> <p>Water productivity improvements could cost USD60 billion annually over the next two decades. Many of these investments yield positive returns in just three years.⁵</p>
 <p>Climate Change Adaptation</p> <p>Research has shown that spending USD1.8trn on specific adaptation areas between 2020 and 2030 could generate USD7.1trn in total net benefits.⁶</p> <p>Flood defences systems and related infrastructure information support systems, such as climate observation and early warning systems</p>	 <p>Pollution & waste prevention and control</p> <p>Air pollution kills 7 million people each year, costing USD5trn/year.⁷</p>	 <p>Circular economy and resource efficiency</p> <p>Switching to a circular economy could unlock an additional USD4.5trn of global GDP by 2030.⁸</p> <p>Resource-efficient packaging and distribution Industrial carbon capture and storage technology</p>	 <p>Natural capital & ecosystems</p> <p>Enhancing coastal wetlands could save the insurance industry USD52bn a year in reduced losses from storms and flood damage.⁹</p>	

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 Industrials and Materials, though this was offset by negative stock selection in Information Technology and Utilities.

At country level, stock selection was negative for the month. Positive performance came from USA and Italy, though this was offset by negative stock selection in Denmark and Germany.

USA Industrials security, VERISK ANALYTICS INC with total effect 0.35% is the top contributor. Additionally, USA Industrials security, TRANE TECHNOLOGIES PLC was the second largest contributor with total effect 0.27%. USA Information Technology security, AUTODESK INC also contributed with total effect 0.27%.

On the other side, detractors included German Information Technology security INFINEON TECHNOLOGIES AG with total effect -0.70%, Danish Utilities holding, ORSTED A/S with total effect -0.58%, and Swedish Industrials holding, NIBE INDUSTRIER AB-B SHS with total effect -0.43%.

During this period, no positions were opened.
No positions were closed.

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

Data as on 31 August 2023

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, Stock specific information provided above is based on Portfolio details as on July 31, 2023. The scheme may or may not have future positions in this stock. The above should not be construed as an investment advice or research report or recommendation to buy or sell any stock mentioned above. Past performance may or may not sustain and doesn't guarantee the future performance.

HGIF Global Equity Climate Change - HGECC – Underlying Fund

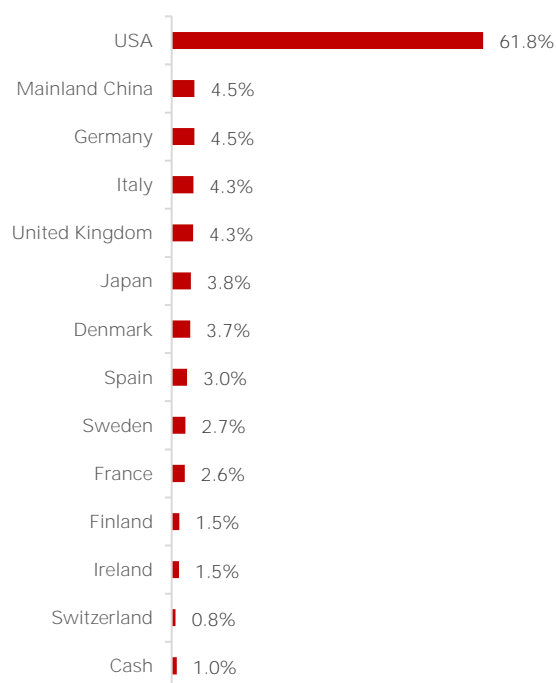
Portfolio

Instrument	Weight
TRANE TECHNOLOGIES PLC	4.7%
SCHNEIDER ELECTRIC SE	4.5%
ECOLAB INC	4.5%
VERISK ANALYTICS INC	4.6%
DEERE & CO	4.5%
PRYSMIAN SPA	4.3%
INFINEON TECHNOLOGIES AG	3.8%
ACCENTURE PLC-CL A	4.3%
AUTODESK INC	4.0%
WATTS WATER TECHNOLOGIES-A	3.7%
EDP RENOVAVEIS SA	3.0%
FIRST SOLAR INC	2.8%
HUBBELL INC	3.1%
NIBE INDUSTRIER AB-B SHS	2.7%
PROLOGIS INC	2.7%
CAPGEMINI SE	2.6%
ORSTED A/S	1.9%
SENSATA TECHNOLOGIES HOLDING	2.2%
CRODA INTERNATIONAL PLC	2.3%
AZBIL CORP	2.3%
BALL CORP	2.1%
DANAHER CORP	2.3%
SSE PLC	1.9%
VESTAS WIND SYSTEMS A/S	1.8%
AGILENT TECHNOLOGIES INC	1.8%
ADVANCED DRAINAGE SYSTEMS IN	1.7%
NESTE OYJ	1.5%
CIMC ENRIC HOLDINGS LTD	1.6%
BYD CO LTD-H	1.5%
OMRON CORP	1.4%
SMURFIT KAPPA GROUP PLC	1.5%
ENPHASE ENERGY INC	1.0%
NARI TECHNOLOGY CO LTD-A	1.0%
MICROSOFT CORP	4.7%
TRIMBLE INC	1.0%
WASTE MANAGEMENT INC	1.0%
DSM-FIRMENICH AG	0.8%
SOLAREDGE TECHNOLOGIES INC	0.6%
BRENNTAG SE	0.7%
SUNGROW POWER SUPPLY CO LT-A	0.5%
Cash	1.0%
Total	100.0%

Sector Allocation (%)

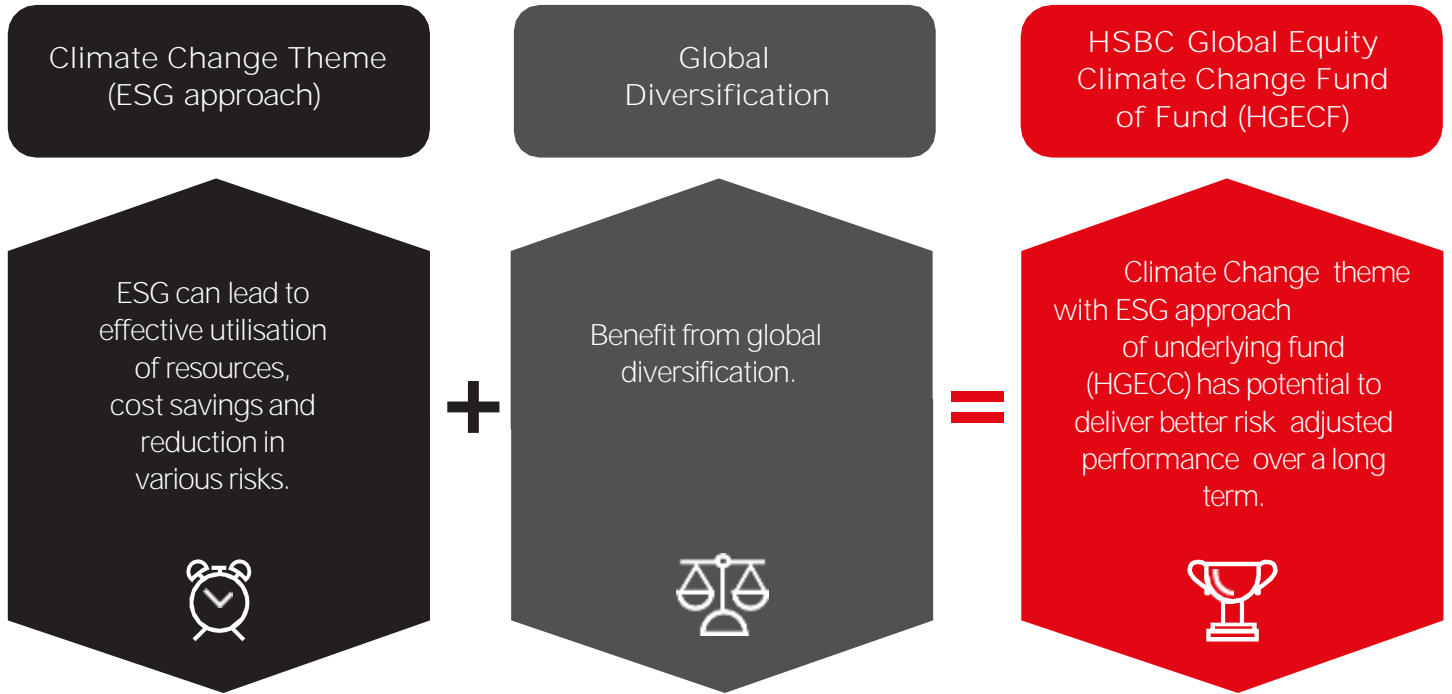
Sector	Weight
Industrials	42.5%
Information Technology	28.6%
Materials	11.2%
Utilities	6.9%
Health Care	4.0%
Real Estate	2.7%
Energy	1.5%
Consumer Discretionary	1.5%
Cash	1.0%
Total	100.00%

Country allocation



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

- ¹ An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change
- ² 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 ¹	Inception Date	AUM
Fund of Funds (Overseas)	Sonal Gupta, Kapil Lal Punjabi	MSCI AC World TRI	22 Mar 2021	Rs. 210.58 Cr
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. The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.				
Expense ratio (Other than Direct) ²				2.12%
Expense ratio (Direct)				1.33%
Underlying funds expense ratio				0.85%

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.

¹ 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

² Continuing plans

MSCI ACWI TRI = MSCI All Country World Net Return Index (MSCI ACWI NR)

HSBC Global Equity Climate Change Fund of Fund

Portfolio

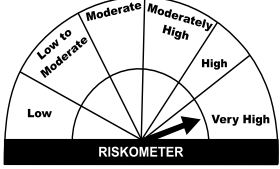
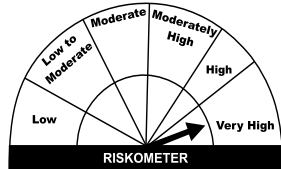
Issuer	Industries	% to Net Assets
Mutual Fund Units		97.34%
HSBC GIF GL EQ CLM CHG JCUSD	Overseas Mutual Fund	97.34%
Cash Equivalent		2.66%
TREPS*		3.99%
Net Current Assets:		-1.33%
Total Net Assets as on 31-August-2023		100.00%

Asset Allocation

International - Mutual Fund Units	97.34%
Reverse Repos/TREPS	3.99%
Net Current Asset	-1.33%
Total Net Assets as on 31-August-2023	100.00%

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

HSBC Global Equity Climate Change Fund of Fund

<p>* Riskometer of the scheme</p>  <p>Investors understand that their principal will be at Very High risk</p>	<p>Fund of Funds (Overseas) - An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> To create wealth over long term. Investment predominantly in companies positioned to benefit from climate change through fund of funds route <p>Benchmark: MSCI AC World Index TRI</p>	<p>Riskometer of the Benchmark</p> 
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* 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 Mutual Fund, data as on 31 August 2023

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