

HSBC Global Investment Funds

GLOBAL LOWER CARBON EQUITY

Monthly report 31 July 2022 | Share class AC

Investment objective

The Fund aims to provide long term capital growth and income by investing in shares of companies that have a lower carbon intensity compared to its reference benchmark, MSCI World Net Index. Carbon intensity is calculated as a weighted average of the carbon intensities of the Fund's investments.

Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 90% of its assets in shares (or securities similar to shares) of companies of any size that are based in, or carry out the larger part of their business activities in developed markets. The investment process identifies and ranks stocks in the Fund's investment universe. In order to lower the exposure to carbon intensive businesses, all stocks in the portfolio are assessed for their carbon footprint. A portfolio which aims to maximize growth and income and reduces the carbon footprint is then created. When assessing the carbon footprint and environmental impact associated with companies, the Investment Adviser will rely on carbon expertise, research and information provided by well-established financial data providers. The Fund will not invest in companies involved in the production of tobacco or related activities. The Fund may invest up to 10% in other funds, including HSBC funds. See the Prospectus for a full description of the investment objectives and derivative usage.

Main risks

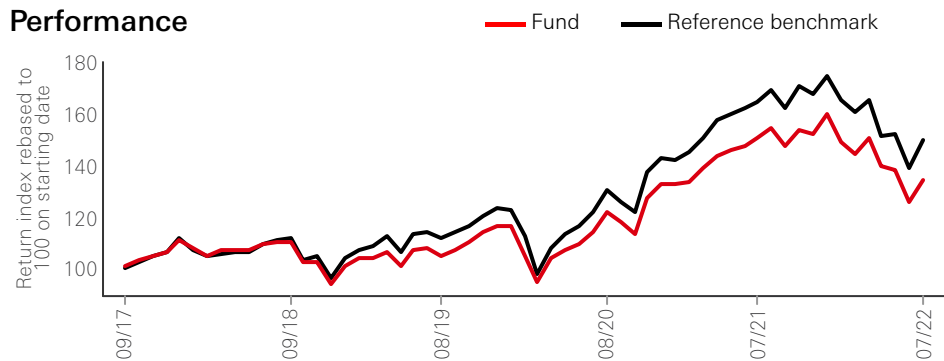
- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.

Share Class Details

Key metrics	
NAV per Share	USD 13.48
Performance 1 month	7.24%
Volatility 3 years	17.74%
Fund facts	
UCITS V compliant	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	27 September 2017
Fund Size	USD 254,920,875
Reference benchmark	100% MSCI World
Managers	HSBC Index and Systematic Equity Portfolio Management Team
Fees and expenses	
Minimum Initial Investment	USD 5,000
Ongoing Charge Figure ¹	1.150%
Management fee	0.800%
Codes	
ISIN	LU1674673428
Bloomberg ticker	HSGLCAC LX

¹Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Performance



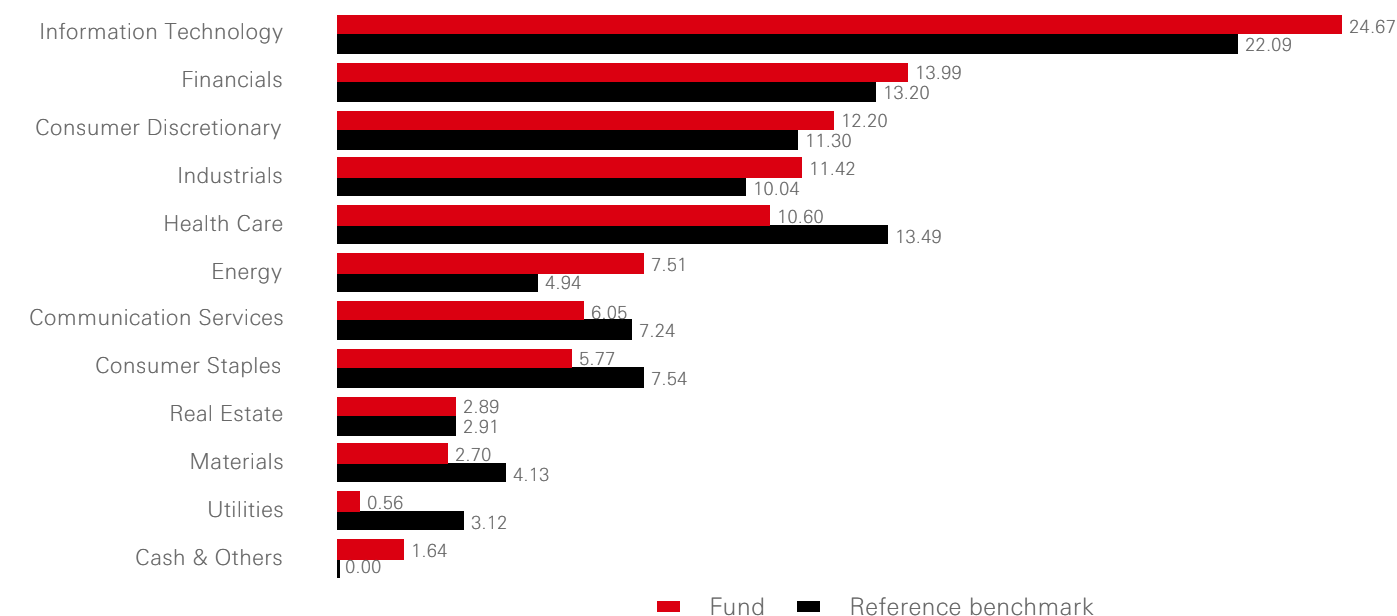
Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AC	-15.66	7.24	-3.69	-9.55	-10.57	7.59	--	6.36
Reference benchmark	-14.33	7.94	-1.34	-9.40	-9.16	9.58	--	8.72

Rolling Performance (%)	31/07/21-31/07/22	31/07/20-31/07/21	31/07/19-31/07/20	31/07/18-31/07/19	31/07/17-31/07/18
AC	-10.57	31.77	5.68	-1.23	--
Reference benchmark	-9.16	35.07	7.23	3.62	--

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	77.11	159.22	Fund	8.1	6.8	6.1	6.2
			Reference benchmark	6.7	6.7	5.3	5.7

Equity characteristics	Fund	Reference benchmark	3-Year Risk Measures	AC	Reference benchmark
No. of holdings ex cash	266	1,517	Volatility	17.74%	18.67%
Average Market Cap (USD Mil)	314,872	374,293	Information ratio	-0.56	--
			Beta	0.93	--

Sector Allocation (%)



Geographical Allocation (%)



Top 10 Holdings	Location	Sector	Weight (%)
Microsoft Corp	United States	Information Technology	4.28
Apple Inc	United States	Information Technology	4.02
Alphabet Inc	United States	Communication Services	1.83
Chevron Corp	United States	Energy	1.44
JPMorgan Chase & Co	United States	Financials	1.44
Home Depot Inc/The	United States	Consumer Discretionary	1.42
Amazon.com Inc	United States	Consumer Discretionary	1.31
Verizon Communications Inc	United States	Communication Services	1.23
Texas Instruments Inc	United States	Information Technology	1.22
Accenture PLC	United States	Information Technology	1.20

Monthly performance commentary

Market Review

Global equities rebounded in July as Q2 earnings reports were better than expected and investors were optimistic over the potential for future interest rate cuts. In the US, we saw interest rates rise by 75 basis points as the hiking cycle continued. Despite negative economic growth, equities rallied with growth outperforming and more sensitive sectors such as consumer discretionary and tech being the big winners. Meanwhile, defensive sectors such as consumer staples lagged behind. In Europe, the ECB raised interest rates by 50 basis points. Annual inflation reached 8.9% in July with energy prices being the largest contributor due to continued uncertainty over the gas supply to Europe. Despite the challenging macro environment, the market performed well with tech and industrials being the largest contributors. Conversely, Asian equities struggled in July as China declined due to slowing growth, Covid-19 measures and regulatory issues weighing on performance. Hong Kong added to the negative performance with heavy selling of technology stocks. However, despite the negative performance in the region, Japanese stocks gained with positive earnings results being the main driver.

Factor Performance

Global alpha styles had a mixed month in July as factors showed a lack of directionality. At individual factor level, in the cyclical universe, Value stocks lagged behind growth stocks such as those in the IT and consumer discretionary sector which rallied as investors began to focus on the potential of interest rate cuts next year. The Size factor performed relatively well throughout July, finishing the month on a slight positive. At the other end, the more defensive Low Risk factor traded broadly sideways throughout the month and finished slightly below the line as higher volatility stocks outperformed in July. Quality finished the month as the best performing alpha factor as high quality stocks demonstrated resilience during the turbulent market conditions in July. Industry Momentum started the first half of the month on a strong note but dropped slightly towards month end, therefore finishing only slightly above the line. In North America, Industry Momentum, Quality and Size closed the month broadly flat while the Value and Low Risk factors lagged behind. In line with the global picture, Quality and Size contributed to performance in Europe and Japan while the other factors underperformed in July. In the Emerging Markets and Asia Pacific ex Japan, Low Risk factor performance was particularly strong followed by Size which also closed the month on a positive note.

Fund Commentary

On a portfolio level, our exposure to Quality and Industry Momentum factors contributed to performance, while Low Risk and Value exposures detracted relative performance.

Industries

On an industry basis, our overweight allocations to Retailing and Semiconductors & Semiconductor Equipment coupled with our underweight exposures to Media & Entertainment and Utilities contributed to performance. Conversely, our overweight allocations to Insurance and Telecommunication Services along with our underweight exposures to Diversified Financials and Software & Services weighed on performance.

Countries

On a country basis, our overweight allocations to Netherlands and United Kingdom coupled with our underweight exposures to Japan and Hong Kong contributed to performance. Conversely, our overweight allocations to Norway and Finland along with our underweight exposures to France and United States weighed on performance.

Stock Level

On a stock level basis, our overweight allocations to Texas Instruments (Information Technology, USA) and Lam Research (Information Technology, USA) contributed to performance. Conversely, our overweight allocations to Newmont (Materials, USA) and Verizon Communications (Communication Services, USA) along with our underweight exposures to Amazon.com (Consumer Discretionary, USA) and Apple (Information Technology, USA) weighed on performance.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ₂ e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ₂ e/USD million)
NN GROUP NV	0.30	WHEATON PRECIOUS METALS CORP	0.02
SWISS RE AG	0.33	INDUSTRIVARDEN AB-A SHS	0.05
AVIVA PLC	0.59	ST JAMES'S PLACE PLC	0.21
UNITEDHEALTH GROUP INC	0.68	M&G PLC	0.25
ZURICH INSURANCE GROUP AG	0.76	SWISS LIFE HOLDING AG-REG	0.29
AIA GROUP LTD	0.79	NN GROUP NV	0.30
AXA SA	0.80	SWISS RE AG	0.33
CIGNA CORP	0.81	GJENSIDIGE FORSIKRING ASA	0.33
GREAT-WEST LIFECO INC	0.97	IGM FINANCIAL INC	0.34
POWER CORP OF CANADA	0.99	SAMPO OYJ-A SHS	0.45

Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ₂ e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ₂ e/USD million)
KINDER MORGAN INC	1,405.80	VISTRA CORP	8,269.14
NIPPON YUSEN KK	876.85	CLEVELAND-CLIFFS INC	6,052.39
AP MOLLER-MAERSK A/S-A	860.75	SOUTH32 LTD	4,914.45
HESS CORP	808.21	EVERGY INC	4,875.18
ONEOK INC	737.51	LAFARGEHOLCIM LTD-REG	4,722.82
ARC RESOURCES LTD	730.06	AMEREN CORPORATION	4,697.71
ENEL SPA	688.76	RWE AG	4,604.96
EXXON MOBIL CORP	622.97	CF INDUSTRIES HOLDINGS INC	4,536.22
CHEVRON CORP	603.36	AES CORP	4,473.66
RIO TINTO LTD	596.27	CLP HOLDINGS LTD	4,419.45

Risk Disclosure

- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Further information on the potential risks can be found in the Key Investor Information Document (KID) and/or the Prospectus or Offering Memorandum.

Index Disclaimer

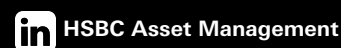
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Source: HSBC Asset Management, data as at 31 July 2022

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Glossary

