

HSBC Global Investment Funds - European Equity

Share Class PD

28 Feb 2021

Fund Objective and Strategy

Investment Objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of European shares.

Investment Policy

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 most of their business in any developed European country. The Fund may invest up to 10% in Real Estate Investment Trusts, and may also invest up to 10% of its net assets in other funds, including HSBC funds. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Since Inception ¹
PD EUR	3.71	3.85	5.82	10.43	-0.21	2.72	6.95
PD EUR (Net) ²	-1.23	-1.10	0.78	5.17	-1.82	1.73	6.76
Reference Benchmark EUR	1.77	2.54	4.18	8.87	4.33	6.46	7.29

Calendar Year Performance (%)	2016	2017	2018	2019	2020
PD EUR	-4.97	11.35	-16.65	21.45	-7.03
PD EUR (Net) ²	-9.50	6.05	-20.62	15.67	-11.45
Reference Benchmark EUR	2.58	10.24	-10.57	26.05	-3.32

3-Year Risk Measures	PD	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	21.64%	16.52%	Number of Holdings ex Cash	51	434
Information Ratio	-0.71	-	Avg Market Cap (EUR mil)	43,715	65,713
Beta	1.28	-			

Share Class Details	
UCITS V Compliant	Yes
Subscription Mode	Cash / SRS (Supplementary Retirement Scheme)
Distribution Type	Distributing
Distribution Frequency	Annually
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	EUR 1,000
Max. Initial Charge	5.00%
Management Fee	1.00%
Share Class Base Currency	EUR
Domicile	Luxembourg
ISIN	LU0047473722
Share Class Inception Date	12 Nov 1993
NAV per Share	EUR 37.95
Fund Size	EUR 57,162,349
Bloomberg Ticker	HSBPEUI LX
Reference Benchmark	MSCI Europe Net
Manager	Samir Essafri Francois Chacun

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, NAV-to-NAV basis or Bid-to-Bid basis, dividend reinvested.

Source: HSBC Global Asset Management, data as at 28 February 2021

Risk Disclosure

- 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.
- 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 Fund's potential risks can be found in the Prospectus and Product Highlights Sheet, or Information Memorandum, as applicable.

¹Result is annualised when calculation period is over one year.

²Net of relevant prevailing sales charge on a single pricing (NAV) basis.

Monthly Performance Commentary

Performance

European equity markets rallied sharply in February as strong growth by mid-year is becoming more likely, given fading virus numbers, effective vaccines and fiscal upside risks.

The reflationary macro narrative and rising bond yields were the major driver of global sector rotation during the month with the sectors which are positively sensitive to rising bond yields outperforming (Energy, Banks, Materials, Insurance), and sectors with negative sensitivity underperforming (Telecom, Health Care, Consumer Staples, Utilities).

In this context, our Value biased fund outperformed significantly as the Value factor confirmed an impressive comeback. We believe, the macro and earnings environment remains supportive of equities and cyclical rotation, and we see the fund as ideally positioned thanks to its Value bias.

Over the month, sector allocation is positive, as mentioned above. Rising bond yields were the major driver of global sector rotation in February, generating an impressive spread between the best performing sector and worst performer.

We thus logically benefited from our cyclical overweight to Financials and Materials. Exposure to Energy also added over the period, driven by recovering oil price as Q1 2021 will be the most undersupplied quarter since at least 2000, and with mobility stats bottoming out and demand set to improve from here. We also benefited from our underexposure to expensive defensives such as Consumer Staples and Healthcare which suffered from rising bond yields. On the other side, we are impacted by our Overweight Telecoms, and our under-exposure to Consumer Discretionary (notably Luxury Goods names) which is also a drag over the month.

The stock selection is a massive positive thanks to our strong conviction on Financials and notably Crédit Agricole, Barclays, and Banco Santander. Financials are key beneficiaries of rising inflation and higher bond yields, especially Banks. In addition to a strong reporting season from an earnings perspective, dividend and buyback commentary has been overwhelmingly constructive for the banking sector. Prudential and Axa in the Insurance space also behaved very well in February.

Our cyclical exposure to Materials also worked well over the month thanks to ThyssenKrupp, BHP and OMV. In the Industrials segment, Thales and Saint-Gobain are positive contributors. Likewise, within Consumer Discretionary, Volkswagen and Inditex recovered sharply over the month.

On the other side, despite a reduced exposure we suffered from our Healthcare selection as Fresenius Medical Care and Grifols were impacted by the cyclical rotation combined with mixed quarterly results from both names.

Portfolio adjustments

No major changes over the month.

Outlook

We continue to strongly believe in the reflationary macro narrative, and again we are convinced that we are at the beginning of a major inflection towards a structural regime and leadership change favoring Value. We strongly believe in a material increase in inflation expectations (cyclical recovery, rising commodity prices, massive fiscal easing).

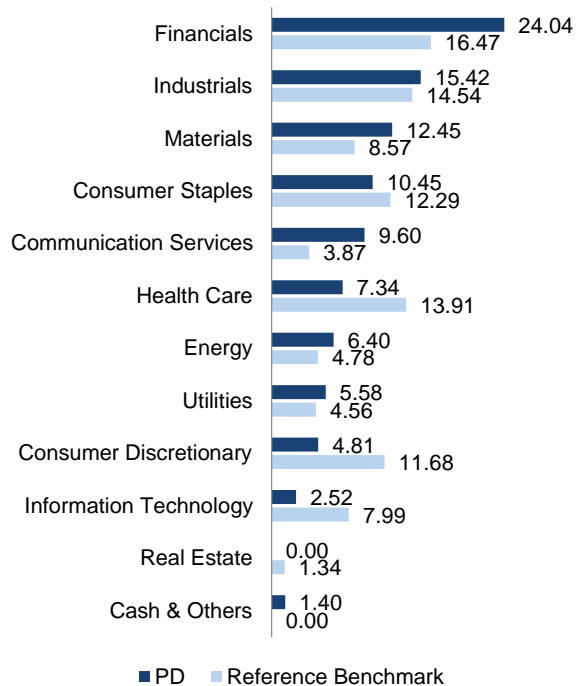
According to us, the rapid rise in bond yields is not an issue, at this stage, as economic momentum remains good, and better growth can offset higher yields and rising inflation, especially as we are talking about "good", cyclical recovery driven inflation.

Over the past decade, lower bond yields have weighed on Value stocks, rising bond yields should accelerate the rotation towards Value. The valuation discount of Value vs. Growth remains more extreme than at almost any time in the past.

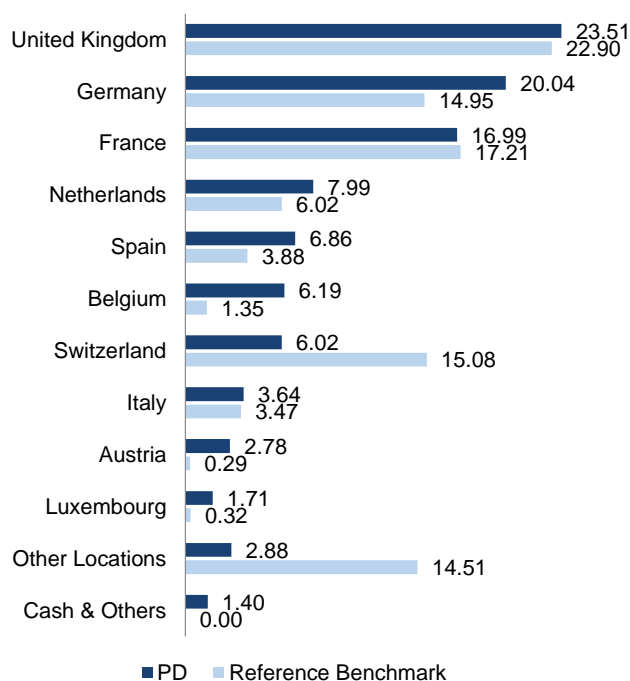
In addition, investors remain under-positioned and Europe equities remain clearly unloved – most of 2020 having seen outflows. We think 2021 will prove a better year thanks to global growth and as the 'Value' trade supports a reallocation to Europe.

We, thus, definitely remain constructive and definitely stick to our selective pro-value tilt.

Sector Allocation (%)



Geographical Allocation (%)



Top 10 Holdings (%)	Location	Sector	Weight (%)
PRUDENTIAL PLC 10126199	United Kingdom	Financials	3.69
Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples	3.12
Deutsche Telekom AG	Germany	Communication Services	3.11
OMV AG	Austria	Energy	2.78
KBC Group NV	Belgium	Financials	2.76
Allianz SE	Germany	Financials	2.56
Volkswagen AG	Germany	Consumer Discretionary	2.50
HeidelbergCement AG	Germany	Materials	2.48
Barclays PLC	United Kingdom	Financials	2.48
Cie de Saint-Gobain	France	Industrials	2.43

Source: HSBC Global Asset Management, data as at 28 February 2021

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Terms of Glossary

Accumulation Share: a type of share where the income earned by the Fund is retained in the Fund

ACD: HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

Actively Managed: where the fund manager uses their expertise to pick investments to achieve the fund's objectives

Beta: an historical measure of volatility to measure how a fund moves versus its benchmark (i.e. an Index)

Collective Investment Scheme: a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

Developed Markets: countries with relatively high levels of personal income and established economies

Emerging Markets (EM): countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

Equities: shares issued by a company

Futures: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price

Growth: the increase in the value of investments

Hedge Funds: an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

Hedge or Hedging: using derivative type investments as a way to reduce risk

Income: money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

Income Share: the type of Share where the income earned by the Fund is paid out to you

Information Ratio: a measure of the risk-adjusted return of a fund against its benchmark

Market Capitalisation: the total dollar market value of a company's outstanding shares. Commonly referred to as "market cap", it is calculated by multiplying a company's shares outstanding by the current market price of one share

Net Asset Value (NAV): the value of the scheme property of a fund less the liabilities of the fund

Ongoing Charges Figure: a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

Price Earnings (P/E) Ratio: the price paid for a share divided by the annual profit earned by the firm per share

Preference Shares: shares of a company which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Preference shares may be convertible to the ordinary shares of a company

Property-related securities: shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

Return(s): the money made or lost on an investment

Share(s): an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations

Volatility: a measure of the size and frequency of changes in the value of an investment over a short space of time

Yield: the income from an investment, usually stated as a percentage of the value of the investment

HSBC Global Investment Funds - European Equity

Supplement Information Sheet

28 Feb 2021

Performance (%)	Return Currency	YTD	1M	3M	6M	1Y	3Y ¹	5Y ¹	Since Inception ¹
PD EUR	EUR	3.71	3.85	5.82	16.32	10.43	-0.21	2.72	6.95
PD EUR (Net) ²	EUR	-1.23	-1.10	0.78	10.79	5.17	-1.82	1.73	6.76
PD SGD	SGD	3.51	3.96	6.58	15.46	16.26	-0.20	3.85	6.45
PD SGD (Net) ²	SGD	-1.42	-0.99	1.50	9.97	10.72	-1.81	2.84	6.26
PD USD	USD	2.88	3.75	7.38	18.06	22.03	-0.37	5.02	7.16
PD USD (Net) ²	USD	-2.01	-1.19	2.27	12.44	16.22	-1.98	4.00	6.97

Calendar Year Performance (%)	Return Currency	2016	2017	2018	2019	2020
PD EUR	EUR	-4.97	11.35	-16.65	21.45	-7.03
PD EUR (Net) ²	EUR	-9.50	6.05	-20.62	15.67	-11.45
PD SGD	SGD	-6.04	17.26	-19.07	17.65	-0.39
PD SGD (Net) ²	SGD	-10.51	11.68	-22.93	12.05	-5.13
PD USD	USD	-7.73	26.77	-20.65	19.26	1.34
PD USD (Net) ²	USD	-12.12	20.73	-24.43	13.58	-3.48

¹ Result is annualised when calculation period is over one year.

² Net of relevant prevailing sales charge on a single pricing (NAV) basis.

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, NAV-to-NAV basis or Bid-to-Bid basis, dividend reinvested.

Share Class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield
PD	EUR	Annually	08 Jul 2020	0.880899	2.68%

The above table cites the last dividend paid within the last 12 months only.

Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past distribution yields and payments do not represent future distribution yields and payments. Historical payments may comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x n; The calculation method of annualised yield from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$, n depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12.

The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Global Asset Management (Singapore) Limited website.

Share Class	Share Class Inception Date	ISIN	Share Class Base Currency	Min. Initial Investment	NAV per Share	Annual Management Fee	Distribution Type
PD	12 Nov 1993	LU0047473722	EUR	EUR 1,000	37.95	1.00%	Distributing

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

Source: HSBC Global Asset Management, data as at 28 February 2021