

HSBC Global Investment Funds

EUROPE VALUE

Monthly report 31 March 2024 | Share class PD



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of European shares, while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.



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 most of their business in any developed European country. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process to reduce risk and enhance returns. The Fund will not invest in shares issued by companies with involvement in specific excluded activities: such as: companies involved in the production of controversial weapons and tobacco; companies with more than 10% revenue generated from thermal coal extraction; and companies with more than 10% revenue generated from coal-fired power generation. 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. 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.
- 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.

Share Class Details

Key metrics

NAV per Share	EUR 46.04
Performance 1 month	4.21%
Volatility 3 years	14.50%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash / SRS (Supplementary Retirement Scheme)
Dividend treatment	Distributing
Distribution Frequency	Annually
Dividend ex-date	31 May 2023
Dividend annualised yield	2.39%
Last Paid Dividend	0.970870
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	EUR
Domicile	Luxembourg
Inception date	12 November 1993
Fund Size	EUR 61,706,710
Reference benchmark	100% MSCI Europe
Managers	Samir Essafri

Fees and expenses

Minimum initial investment (SG) ¹	EUR 1,000
Maximum initial charge (SG)	5.000%
Management fee	1.000%

Codes

ISIN	LU0047473722
Bloomberg ticker	HSBPEUI LX

¹Please note that initial minimum subscription may vary across different distributors

Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark.

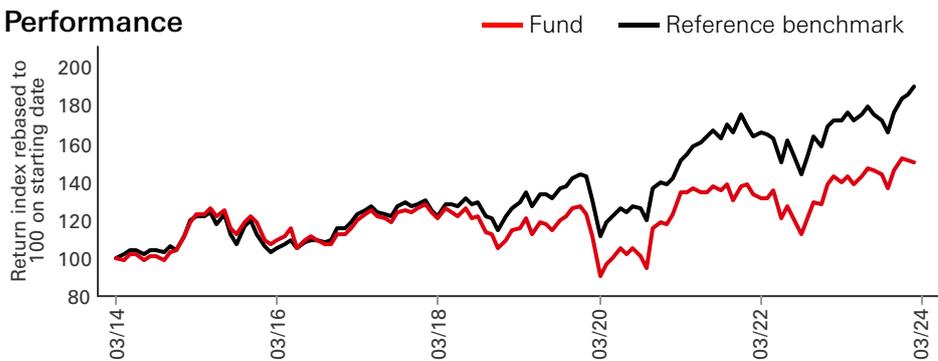
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

Until 19 April 2021 the name of the sub-fund is HSBC Global Investment Funds – European Equity.

Source: HSBC Asset Management, data as at 31 March 2024

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
PD	3.40	4.21	3.40	9.25	12.63	5.39	6.34
PD (Net)*	-1.53	-0.75	-1.53	4.05	7.27	3.69	5.31
Reference benchmark	7.63	3.94	7.63	14.56	14.79	9.22	8.80

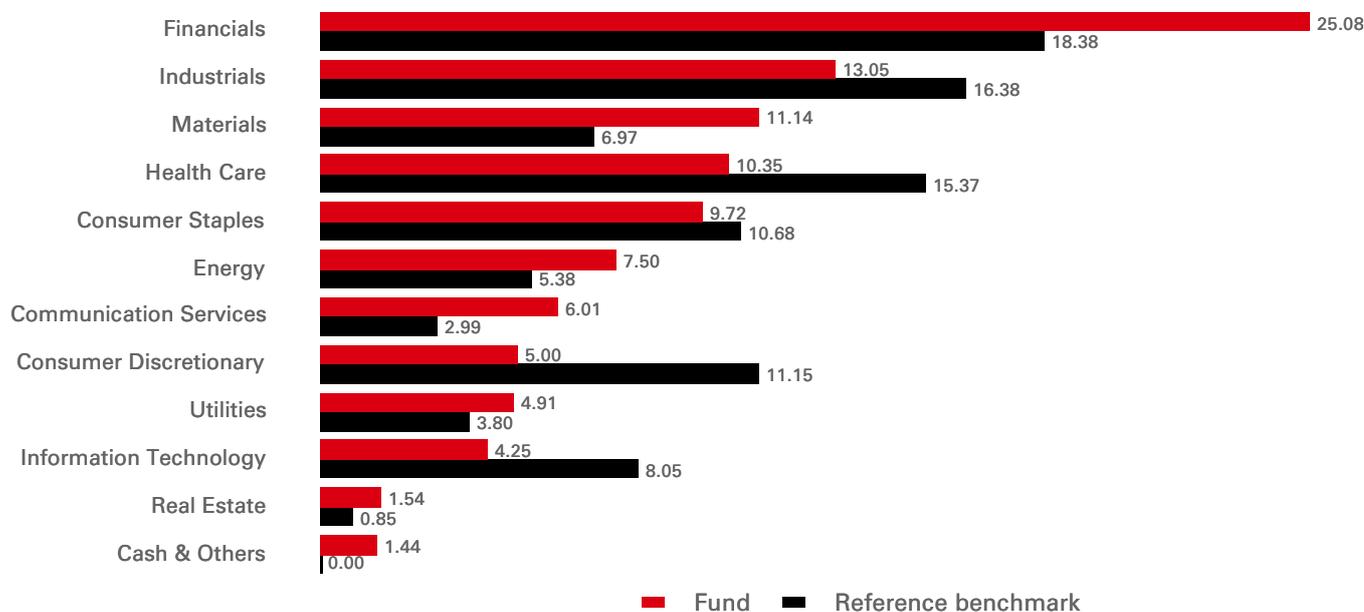
Calendar year performance (%)	2019	2020	2021	2022	2023
PD	21.45	-7.03	16.13	-6.72	18.21
PD (Net)*	15.67	-11.45	10.60	-11.16	12.58
Reference benchmark	26.05	-3.32	25.13	-9.49	15.83

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	120.62	92.16	Fund	7.9	7.3	5.5	6.3
			Reference benchmark	7.9	6.8	5.4	6.4

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO₂e/USD million)
 Source of analytics: Trucost

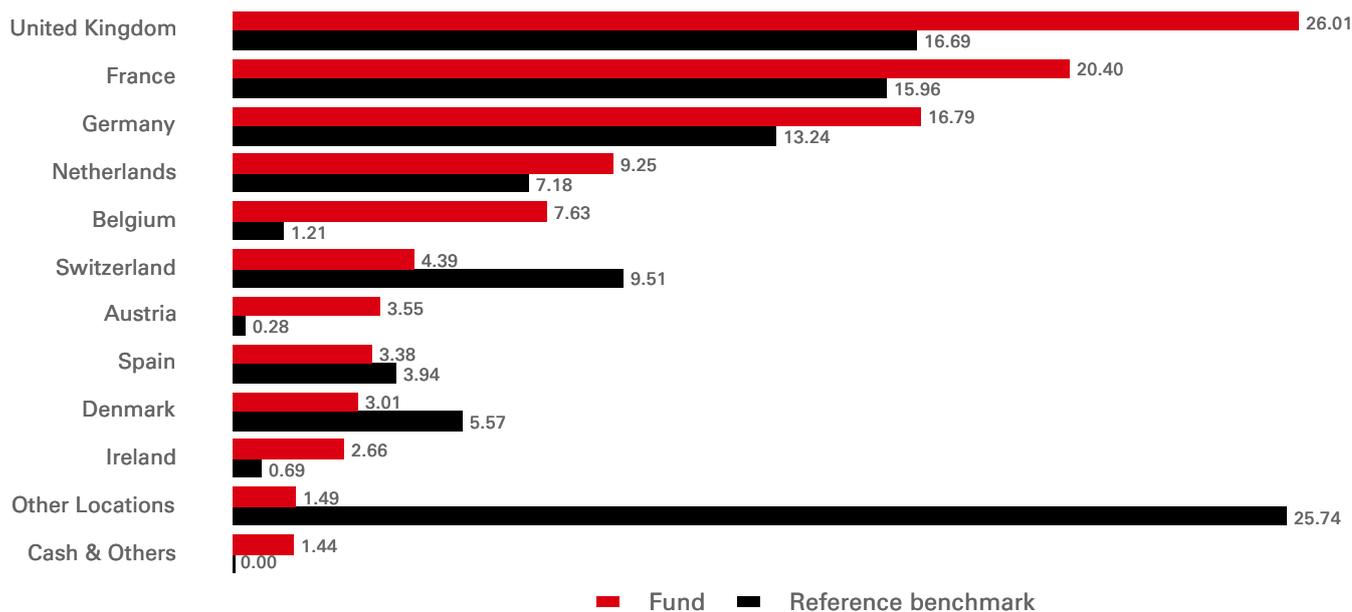
Equity characteristics	Fund	Reference benchmark	3-Year Risk Measures	PD	Reference benchmark
No. of holdings ex cash	54	421	Volatility	14.50%	13.35%
Average Market Cap (EUR Mil)	74,946	112,933	Information ratio	-0.59	--
			Beta	0.97	--

Sector Allocation (%)



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 Source: HSBC Asset Management, data as at 31 March 2024

Geographical Allocation (%)



Top 10 Holdings	Location	Sector	Weight (%)
KBC Group NV	Belgium	Financials	3.85
ING Groep NV	Netherlands	Financials	3.67
AstraZeneca PLC	United Kingdom	Health Care	3.57
BP PLC	United Kingdom	Energy	3.29
Commerzbank AG	Germany	Financials	3.23
Novo Nordisk A/S	Denmark	Health Care	3.01
Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples	2.97
Allianz SE	Germany	Financials	2.87
Koninklijke KPN NV	Netherlands	Communication Services	2.84
Heineken NV	Netherlands	Consumer Staples	2.74

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

Monthly performance commentary

Performance

The MSCI World Index rallied +2.9% in March, and rallied 7.8% in Q1, and has now more than doubled since the COVID lows in March 2020. The S&P 500 was up more than +10% in Q1, marking the first time in over a decade that it's seen back-to-back quarterly gains in double digits. Equity markets appear to be responding to the rare combination of improving economies and the prospect of easier policy, along with continuing optimism around AI. In March, all regions rallied led by Europe (MSCI Europe +3.94%) and the US. Global sector returns were led by Energy on higher oil prices, and Semis on continuing AI enthusiasm. In March, the stocks contributing most positively to global equity returns were NVIDIA, Alphabet, and TSMC. In this context, and after a tough start of the year, our Value biased fund bounces back in March with a nice outperformance against the MSCI Europe. Over the month, sector allocation is positive. We benefited from our strong conviction on Financials, thanks to a strong performance of the banking segment. Our underweight Consumer Discretionary (notably Luxury Goods) is also a positive and we finally benefited from our structural underweight Technology (expensive cyclicals), the sector having underperformed in March. The only detractor, over the month, being our overweight Telecoms, which is penalized by the cyclical rotation.

The stock selection is slightly negative. We notably suffered from Teleperformance (world's leading outsourced omni-channel customer center operator), as the group released mixed quarterly results combined with a limited medium-term guidance, with management citing complexity from ongoing macro and political uncertainty. At the same time, the company delivered a reassuring strategic update with a significant focus on GenAI and Majorel – both areas, management believes, are clearly misunderstood. Despite near term cyclical uncertainty, we stick to our deep value conviction on this name.

Among industrials, Siemens suffered from profit taking as the group's CFO described the current trading situation as more challenging than expected, notably for Digital Industries, describing Chinese destocking as a challenge that will not be resolved in the near term. Still, in the Industrials space, DHL is penalized by mixed quarterly numbers and a cautious outlook. Prudential in the life insurance sector is also under pressure in March, on weak sentiment on China and despite solid reassuring quarterly results with new business profits in Q4 2023 beating consensus by more than 20%. Prudential's share price keeps disconnecting from the fundamentals, prompting us to stick to our conviction on this name. Finally, Reckitt Benckiser, in Consumer Staples is a big detractor in March, impacted by a US verdict involving Reckitt's US infant formula business, as an Illinois state court ordered the company to pay 60 M\$ in a single case related to a premature baby who died after being fed Reckitt's Enfamil baby formula (the latter having failed to warn of the risk of NEC disease for premature babies, according to the court). This US litigation issue comes after a series of operational disappointments driven by poor execution. Our exposure to Reckitt is under review.

On the other hand, we benefited from a strong recovery of the banking space led by our core convictions, namely Commerzbank, ING and Barclays. Despite an improvement in the sentiment, we believe the potential remains clearly unfulfilled as European bank fundamentals look stronger than ever symbolized by a material increase in buyback announcements and dividend increases. After a tough period, Anglo American (Metals & Mining) also recovered nicely in March. And finally, Thales (Aerospace & Defence) benefited from strong quarterly results (driven by an impressive FCF conversion) along with a solid 2024 outlook. Thales remains a key conviction and preferred vehicle to play the European Rearmament Cycle which is expected to last for at least a decade.

Outlook

The outlook for global equities remains positive, supported by expectations of an upturn in the global earnings cycle, signs of stabilization in the China economy, and pending easier policy. But despite a rebound of the Value strategy in March, the market remains extremely concentrated with a very narrow leadership of Mega Cap Growth. Thus, European value versus growth stocks valuation gap remains massive. This is despite a continued rise in the US 10-year (typically be associated with value stocks outperforming). The AI-driven rally has left software (40% of European tech cap) to meaningfully overshoot the fair value implied by real yields, typically a key driver of its relative performance. The Value segment of the market currently trades way below its improving fundamentals, this is especially the case for the main value sectors, energy, and banks. The latter being one of the sectors with the best earnings momentum (over three months). We continue to strongly believe in a mean reversion and a change of leadership in favour of Value, leading to a broadening out of the market rally. Especially if global growth momentum sees further improvements as US growth continues to hold up, and China (helped by increasing policy support) and the Euro area (helped by an improving credit cycle and a more favourable inventory cycle) recover from the recent sluggishness.

In this context, we strongly stick to our selected Value approach.

Risk Disclosure

- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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 **HSBC Asset Management**

Glossary



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Benchmark disclosure

The Investment Advisor will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that the reference benchmark will not be used as a universe from which to select securities. The deviation of the Fund's performance and underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 31 March 2024

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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
PD EUR	3.40	4.21	3.40	9.25	12.63	5.39	6.34
PD EUR (Net)*	-1.53	-0.75	-1.53	4.05	7.27	3.69	5.31
PD SGD	3.43	4.39	3.43	10.19	13.65	2.61	5.44
PD SGD (Net)*	-1.50	-0.58	-1.50	4.95	8.24	0.95	4.42
PD USD	1.09	4.01	1.09	11.44	11.97	2.46	5.52
PD USD (Net)*	-3.73	-0.94	-3.73	6.14	6.63	0.80	4.50

Calendar year performance (%)	2019	2020	2021	2022	2023
PD EUR	21.45	-7.03	16.13	-6.72	18.21
PD EUR (Net)*	15.67	-11.45	10.60	-11.16	12.58
PD SGD	17.65	-0.39	10.10	-12.91	20.34
PD SGD (Net)*	12.05	-5.13	4.86	-17.06	14.61
PD USD	19.26	1.34	7.93	-12.46	22.36
PD USD (Net)*	13.58	-3.48	2.79	-16.63	16.53

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
PD	EUR	Annually	31 May 2023	0.970870	2.39%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
PD	12 November 1993	LU0047473722	EUR	USD 50,000	46.04	1.000%	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.

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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 Asset Management (Singapore) Limited website.

Source: HSBC Asset Management, data as at 31 March 2024