

HSBC Global Investment Funds

ECONOMIC SCALE JAPAN EQUITY

Monthly report 31 October 2021 | Share class PD



Investment objective

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



Investment strategy

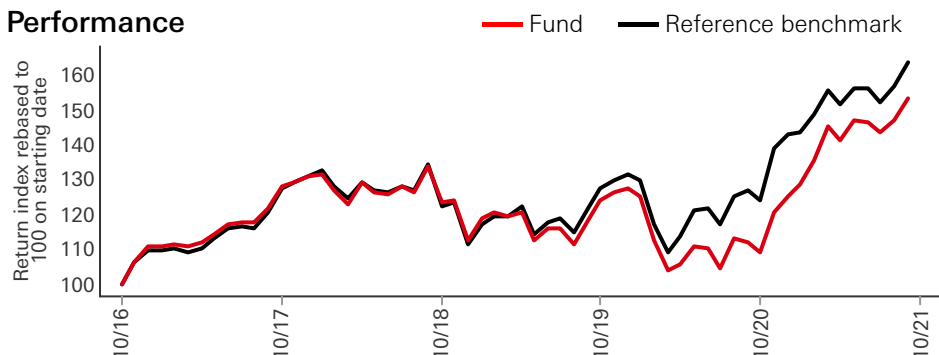
In normal market conditions, the Fund will invest at least 90% of its assets in shares (or securities similar to shares) of companies of any size that are based in, or carry out the larger part of their business activities in, Japan. The Fund's investment process identifies and invests in companies according to their economic scale, measured by their contribution to Gross National Product. This is also referred to as Value Added - the difference between a company's outputs and inputs. The Fund may invest up to 10% in Real Estate Investment Trusts, and may also invest up to 10% of its assets 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.

Performance



Share Class Details

Key metrics

NAV per Share **JPY 13.52**

Performance 1 month **-1.39%**

Volatility 3 years **16.39%**

Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS
(Supplementary Retirement Scheme)**

Dividend treatment **Distributing**

Distribution Frequency **Annually**

Dividend ex-date **8 July 2020**

Last Paid Dividend **0.201677**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base **JPY**

Currency

Domicile **Luxembourg**

Inception date **16 January 1987**

Fund Size **JPY 8,985,293,394**

Reference benchmark **100% MSCI Japan Net**

Managers **HSBC Index and Systematic Equity Portfolio Management Team**

Fees and expenses

Maximum initial charge (SG) **5.000%**

Management fee **0.400%**

Codes

ISIN **LU0011818076**

Bloomberg ticker **HSBJPEI LX**

Performance is annualised when calculation period is over one year. Past performance of a scheme is not necessarily indicative of the future performance of the scheme.

Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

*Share class denoted with "(Net)" refers to price net of relevant prevailing sales charge on a single pricing (NAV) basis. Historically the comparative investment benchmark has been: TOPIX Price from launch until 31/12/2001; TOPIX Gross from 01/01/2002 until 16/02/2015; HSBC Economic Scale Japan Index from 17/02/2015 until 25/10/2017.

Prior to 25/10/2017 the fund was named HSBC Global Investment Funds - Economic Scale Index Japan Equity; Prior to 17/02/2015 the fund was named Japan Equity.

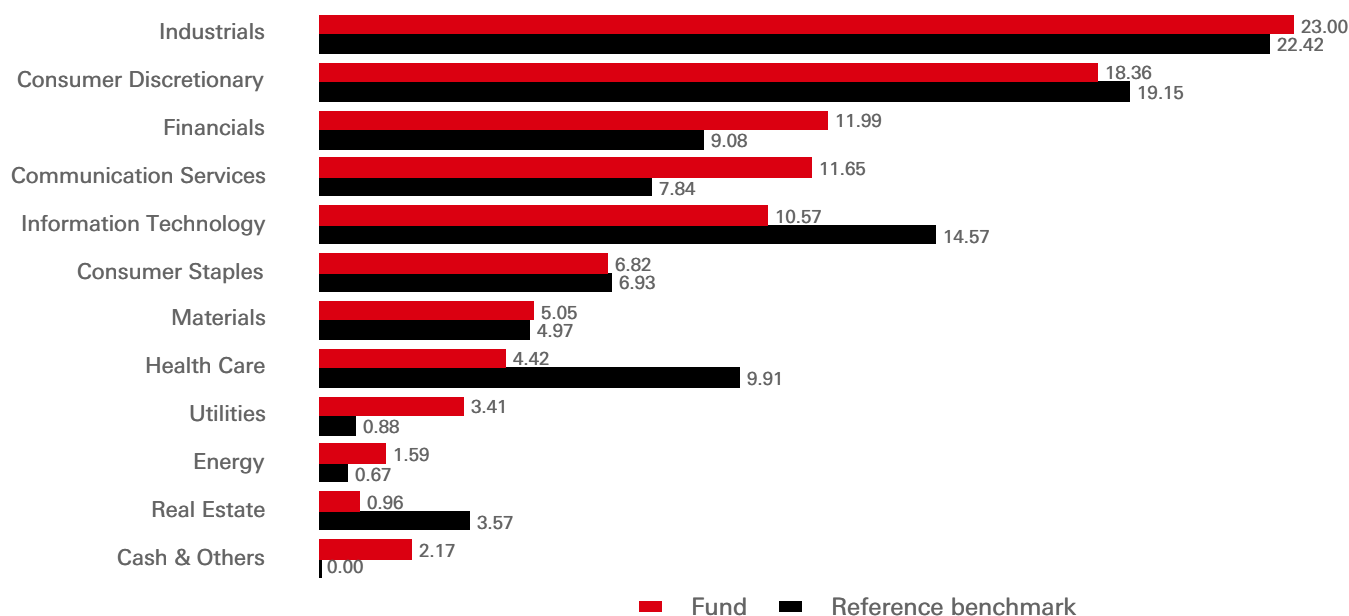
Source: HSBC Asset Management, data as at 31 October 2021

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
PD	20.94	-1.39	5.26	7.03	38.99	7.05	8.60
PD (Net)*	15.18	-6.09	0.25	1.93	32.37	5.33	7.55
Reference benchmark	13.03	-1.24	6.33	6.74	30.75	9.88	10.11

Calendar year performance (%)	2016	2017	2018	2019	2020
PD	1.85	18.46	-14.15	13.46	-2.12
PD (Net)*	-3.00	12.82	-18.24	8.05	-6.78
Reference benchmark	-0.74	19.75	-15.15	18.48	8.76

Characteristics	Fund	Reference benchmark	3-Year Risk Measures	PD	Reference benchmark
No. of holdings ex cash	220	272	Volatility	16.39%	15.85%
Average Market Cap (JPY Mil)	5,263,376	5,875,039	Information ratio	-0.71	--
			Beta	1.00	--

Sector Allocation (%)



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Source: HSBC Asset Management, data as at 31 October 2021

Top 10 Holdings	Sector	Weight (%)
NTT	Communication Services	5.79
Toyota Motor Corp	Consumer Discretionary	4.53
Japan Post Holdings Co Ltd	Financials	3.10
Hitachi Ltd	Industrials	3.06
SoftBank Group Corp	Communication Services	2.67
Honda Motor Co Ltd	Consumer Discretionary	2.32
Panasonic Corp	Consumer Discretionary	1.91
Fujitsu Ltd	Information Technology	1.86
Sony Group Corp	Consumer Discretionary	1.80
Mitsubishi Corp	Industrials	1.80

Monthly performance commentary

Market Review

Global equities rose in October as positive earnings results and a resolution in the US government debt ceiling supported sentiment, with investors looking past the continuing supply chain disruptions and inflation concerns. US stocks rose on better than expected corporate earnings results and the respite of a US government default as the Senate reached a deal to raise the debt ceiling by \$480bn. Some US corporates have been able to grow above expectations and pass on higher costs to customers, alleviating concerns that inflation may impact business performance. The investor mood was also bolstered by the progress on the Biden administration's social infrastructure spending plan. European stocks traded higher as corporates delivered solid earnings, concerns around the European energy crisis abated and the European Central Bank (ECB) signaled a dovish tone. The ECB president, Christine Lagarde, dismissed fears of persistent inflation and pushed back on investors' expectations of a rate rise next year. In the UK, markets reacted positively to the upward revision in the Office for Budgetary Responsibility's forecast for 2021 GDP growth and the UK government's public spending plan announced in their Autumn budget. Asian stocks varied in performances as investors weighed mixed corporate earnings, easing concerns around the Chinese property sector and rising vaccination rates in Asia. Japanese stocks declined in October as investors processed the arrival of a new prime minister Kishida, ahead of the general election which took place on 31 October. In China, whilst investors saw some respite from one of the largest Chinese property developers averting default in the month, the property development sector remained challenged and the Chinese regulators continued to clamp down on the technology sector.

Fund Commentary

Overall Performance

While our stock selection was in line with the benchmark, our asset allocation weighed on performance.

Sectors

On a sector basis, our overweight allocations to Energy and Industrials coupled with our underweight exposures to Health Care and Consumer Staples contributed to performance. Conversely, our overweight allocations to Utilities, Communication Services and Financials along with an underweight exposure to Real Estate weighed on performance.

Stock Level

On a stock level basis, an overweight allocation to Nippon Telegraph & Telephone (Communication Services) coupled with our underweight exposure to M3 Inc (Health Care) and Murata Manufacturing Co Ltd (Information Technology) contributed to performance. Conversely, an overweight allocation to Japan Post Holdings Co Ltd (Financials) along with our underweight exposures to Sony Group Corp (Consumer Discretionary) and Tokyo Electron Ltd (Information Technology) weighed on performance.

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.
- 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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Source: HSBC Asset Management, data as at 31 October 2021

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Glossary



Important Information

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
ACHSGD SGD	20.83	-1.43	5.18	6.89	38.84	7.64	9.18
ACHSGD SGD (Net)*	15.08	-6.12	0.17	1.80	32.23	5.90	8.12
PD EUR	16.39	-3.37	3.82	6.72	28.26	5.94	5.69
PD EUR (Net)*	10.85	-7.97	-1.13	1.64	22.15	4.23	4.66
PD JPY	20.94	-1.39	5.26	7.03	38.99	7.05	8.60
PD JPY (Net)*	15.18	-6.09	0.25	1.93	32.37	5.33	7.55
PD SGD	11.64	-4.16	0.90	3.99	25.84	5.75	6.17
PD SGD (Net)*	6.33	-8.72	-3.91	-0.96	19.85	4.04	5.14
PD USD	9.51	-3.51	1.32	2.60	27.43	6.69	6.84
PD USD (Net)*	4.29	-8.11	-3.51	-2.29	21.36	4.97	5.80

Calendar year performance (%)	2016	2017	2018	2019	2020
ACHSGD SGD	--	19.03	-13.29	15.31	-2.33
ACHSGD SGD (Net)*	--	13.36	-17.42	9.82	-6.98
PD EUR	8.19	7.73	-8.02	17.32	-5.89
PD EUR (Net)*	3.04	2.60	-12.40	11.73	-10.38
PD JPY	1.85	18.46	-14.15	13.46	-2.12
PD JPY (Net)*	-3.00	12.82	-18.24	8.05	-6.78
PD SGD	6.97	13.45	-10.48	13.47	1.35
PD SGD (Net)*	1.88	8.05	-14.74	8.07	-3.47
PD USD	5.05	22.65	-12.42	14.95	3.32
PD USD (Net)*	0.04	16.81	-16.59	9.48	-1.60

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Source: HSBC Asset Management, data as at 31 October 2021

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
ACHSGD	SGD	--	--	--	--
PD	JPY	Annually	8 July 2020	0.201677	1.94%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Annual management fee	Distribution type
ACHSGD	14 April 2016	LU1341473426	SGD	USD 5,000	15.95	0.599%	Accumulating
PD	16 January 1987	LU0011818076	JPY	USD 50,000	13.52	0.399%	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.

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 October 2021