

HSBC GIF Global Sustainable Long Term Equity Fund

April 2024

For professional clients only

- ◆ This actively managed fund's primary objective is to make a positive ESG impact by investing in companies that readily contribute to UN Sustainable Development Goals (SDGs) while also aiming to provide long term total return
- ◆ The fund is classified 'SFDR Article 9' – the most demanding level of classification of the Sustainable Finance Disclosure Regulation. This means:
 - all holdings in the portfolio must materially align to at least one UN SDG
 - its investments "Do Not Significantly Harm" other ESG objectives
 - it adheres to good governance practices along OECD guideline and the UN Global Compact.



Against the backdrop of a marketplace enchanted by short-term outcomes, the long-term investor can generate strong returns by harnessing a process specifically designed to find companies which produce growing cash-flow streams."

- Darryl Lucas,

Head of Sustainable Long-Term Equities

Our approach



A credit analysis framework, applied to equity investing

- ◆ By making **credit-driven amendments** to financial statements we can **better understand the economic reality** of the business
- ◆ We **evaluate** cash flows, balance sheet and valuations under several **fundamental** and **macroeconomic** scenarios
- ◆ Valuation techniques drawing upon **fixed income principles** accurately **value long lived companies**



A fundamental process from start to finish

- ◆ We **find companies fundamentally**, rather than through a contrived and generic 'screening' process
- ◆ We **analyse companies fundamentally**, under several scenarios, in order to build our own risk framework
- ◆ We use this fundamental **risk framework** to construct portfolios, rather than use quant at the end of the process



Long-termism is synonymous with sustainability

- ◆ To evaluate sustainability, an investor should consider **sustainability of products, business models, and practices & culture** – going beyond relying on ESG metrics
- ◆ **Sustainability scenarios are a crucial input** in fundamental company stress tests and valuation analysis

This is a marketing communication. Please refer to the Prospectus and the KID of the HSBC GIF Global Sustainable Long Term Equity Fund before making any final investment decisions.



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Key risks

Investing involves risk and the value of an investment and the income from it may fall as well as rise. You may not get back the full amount invested.

- **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- **Derivatives Risk:** Derivatives 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.
- **Emerging Markets Risk:** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- **Exchange Rate Risk:** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- **Investment Leverage Risk:** 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.
- **Liquidity Risk:** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- **Operational Risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.

Further information on the potential risks can be found in the Key Information Document (KID) and/ or the Prospectus or Offering Memorandum.

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The decision to invest in the fund should take account of all the characteristics or objectives as described in the prospectus or equivalent document. Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found at:

<https://www.assetmanagement.hsbc.co.uk/en/intermediary/investment-expertise/sustainable-investments/sustainable-investment-product-offering>

This fund invests in relatively few stocks and does not have the diversity of investment generally expected from a pooled fund. Each stock within the fund may have a more significant effect on its performance.

HSBC GIF Global Sustainable Long Term Equity is actively managed.

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns.

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