

HSBC Universal Investment Funds

Japan Multi-Factor Equity Fund

Monthly report 30 September 2022 | Share class Inst A Acc



Investment objective

The Fund aims to provide growth in the long term, which is a period of five years or more.



Investment strategy

To achieve its objective, the Fund will invest at least of 80% of its value in shares (equities) of Japan companies. Japan companies are those that are based in Japan or earn at least 80% of their revenue from the Japan. The investment manager identifies potential shares of companies from the FTSE Japan Index (the Index) and ranks them from the least attractive to most attractive based upon certain factors, such as value, quality and size. The manager's investment approach then aims to maximise exposure to the highest ranked shares whilst maintaining a portfolio diversified by companies and sectors to manage risk. The sector and stock constraints relative to the FTSE Japan Index within the investment strategy mean the Fund returns are more likely to be closer to the returns of the FTSE Japan Index than if there were no limits on the level of risk the Fund may take. Separately, the FTSE Japan Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the Japan equities market. The performance of the Fund is therefore shown against the performance of the FTSE Japan Index.



Main risks

- The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.
- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- 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	GBP 1.76
Performance 1 month	-5.04%
Volatility 3 years	13.35%

Fund facts

UCITS V compliant	Yes
ISA eligible	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation time	12:00 United Kingdom

Share class base currency **GBP**

Domicile **United Kingdom**

Inception date **24 July 2006**

Fund size **GBP 10,675,685**

Reference benchmark **100% FTSE Japan Index**

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

Fees and expenses

Minimum initial investment¹ **GBP 1,000,000**

Ongoing charge figure² **0.380%**

Codes

ISIN **GB00B19DCY48**

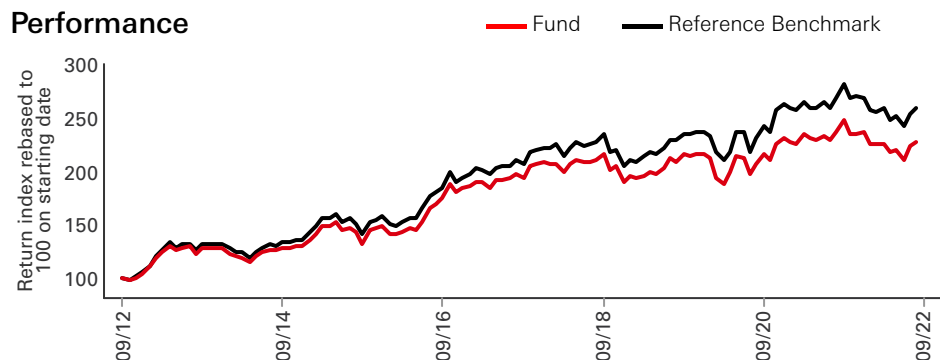
Bloomberg ticker **HSBCMJP LN**

SEDOL **B19DCY4**

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

²Ongoing 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

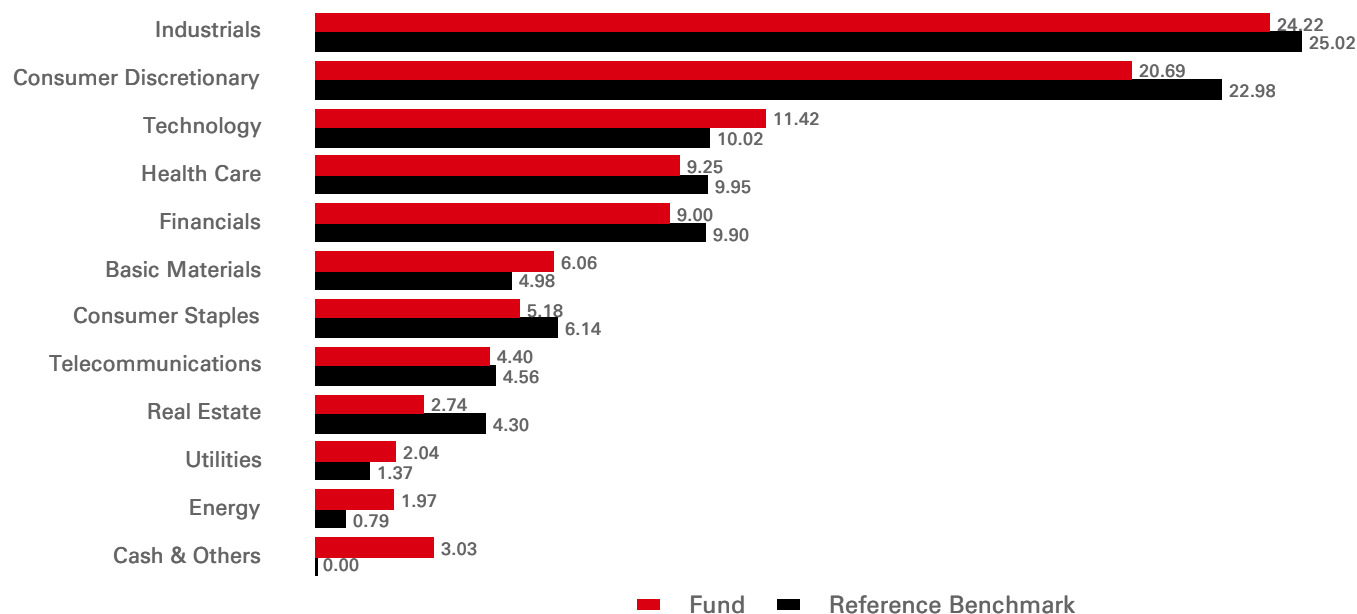


Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	10 years ann
Inst A Acc	-9.14	-5.04	2.35	-4.82	-13.34	-0.12	2.10	7.98
Reference Benchmark	-9.20	-5.97	0.94	-5.88	-13.63	1.18	3.43	9.34

Rolling performance (%)	30/09/21-30/09/22	30/09/20-30/09/21	30/09/19-30/09/20	30/09/18-30/09/19	30/09/17-30/09/18	30/09/16-30/09/17	30/09/15-30/09/16	30/09/14-30/09/15	30/09/13-30/09/14	30/09/12-30/09/13
Inst A Acc	-13.34	14.78	0.18	-0.18	11.53	11.61	31.68	3.32	-0.25	28.24
Reference Benchmark	-13.63	16.91	2.59	0.34	13.90	11.44	31.30	6.18	1.22	31.19

Equity characteristics	Fund	Reference Benchmark	3-Year Risk Measures	Inst A Acc	Reference Benchmark
No. of holdings ex cash	--	--	Volatility	13.35%	13.41%
Average market cap (GBP Mil)	24,223	28,669	Information ratio	-0.49	--
			Beta	0.98	--

Sector allocation (%)



Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

Source: HSBC Asset Management, data as at 30 September 2022

Top 10 holdings	Sector	Weight (%)
Toyota Motor Corp	Consumer Discretionary	4.28
Sony Group Corp	Consumer Discretionary	2.55
KDDI Corp	Telecommunications	1.79
Keyence Corp	Industrials	1.75
Honda Motor Co Ltd	Consumer Discretionary	1.59
NTT	Telecommunications	1.56
ITOCHU Corp	Industrials	1.44
Shin-Etsu Chemical Co Ltd	Basic Materials	1.44
Tokyo Electron Ltd	Technology	1.29
Recruit Holdings Co Ltd	Industrials	1.24

Monthly performance commentary

Analyse du portefeuille

Les actifs à risque mondiaux ont terminé février sur une réévaluation des prix, après un mois marqué par des tensions inflationnistes, un durcissement des politiques des banques centrales et une aggravation des tensions géopolitiques qui a culminé avec l'invasion de l'Ukraine par les forces russes. Les performances totales des titres notés « Investment Grade » et à haut rendement ont été négatives, les obligations ayant été confrontées à des pressions dues à la hausse des taux et à l'élargissement des spreads. Les rendements des emprunts d'État à court terme ont augmenté au cours du mois, les bons du Trésor américain à 2 ans gagnant 0,25 % pour terminer le mois à 1,43 %, tandis que le taux des fonds fédéraux américains restait à 0,08 % début mars. Les spreads des obligations d'entreprises sur le marché américain des obligations « Investment Grade » à 0-1 an ont progressé de 56 pb, tandis que les spreads sur le marché des obligations « Investment Grade » à 1-3 ans ont augmenté de 25 pb. Dans ce contexte de marché, la stratégie a enregistré une performance totale négative, brute de commissions. Le Yield to worst (brut) du portefeuille a augmenté à 1,86 % fin février, ce qui devrait contribuer à amortir la volatilité des spreads. Les principaux contributeurs au rendement du portefeuille d'un point de vue sectoriel ont été le secteur bancaire, le crédit titrisé et les biens de consommation cycliques du portefeuille. La qualité de crédit moyenne reste globalement à A- avec une allocation aux obligations BBB qui est compensée par des obligations d'entreprises de qualité supérieure et l'exposition au crédit titrisé principalement noté AAA et AA. L'exposition aux obligations BBB a été légèrement réduite au cours du mois. Le portefeuille est actuellement à taux variable à 44 %, avec une exposition composée à 26 % d'obligations d'entreprises et à 17 % de crédit titrisé. La duration effective est de 0,10 an tandis que la duration des spreads est de 1,33 an. Nous continuons d'apprécier le segment à 1-2 ans du marché des obligations d'entreprises, où la pentification de la courbe des rendements continue d'offrir une valeur relative plus attrayante par rapport à l'extrémité plus courte et, dans le même temps, nous recourons à des contrats à terme sur bons du Trésor pour gérer la duration effective du portefeuille.

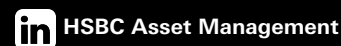
Perspectives

L'invasion de l'Ukraine par les forces russes complique l'analyse de perspectives d'investissement déjà incertaines. Les banques centrales font désormais face à un choix plus difficile dans l'arbitrage entre la protection de la croissance et la lutte contre l'inflation. À l'heure actuelle, le choix de la BCE semble orienté en faveur de la croissance, compte tenu de l'impact plus direct du conflit sur la région. La Fed, quant à elle, poursuivra probablement la normalisation de sa politique en s'attachant à lutter contre une inflation plus soutenue et de plus long terme, qui semble exacerbée par de nouvelles difficultés au sein des chaînes d'approvisionnement et par la hausse des prix de l'énergie. Alors que la volatilité devrait persister jusqu'à ce que les marchés obtiennent certains éclaircissements sur les conditions et l'horizon temporel d'une résolution, les fondamentaux du crédit restent solides pour le moment et devraient en définitive, en l'absence d'une nouvelle escalade du conflit, être favorables aux spreads, en particulier pour le crédit américain qui est moins exposé que l'Europe et les marchés émergents. Les valorisations sont devenues plus attrayantes, mais sont assorties d'incertitudes accrues, et si les ventes massives quasi générales ont offert des opportunités, nous restons prudents quant à l'ajout de risques à ce stade jusqu'à ce que nous ayons davantage de visibilité sur les évolutions possibles de la situation et ses implications pour le marché en général.

Risk disclosures

- 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 is a measure of how easily the Fund's holdings can be quickly converted to cash. The value of the Fund's holdings may be significantly impacted by liquidity risk during adverse market conditions.
- Further information on the potential risks can be found in the Key Investor Information Document (KID) and/or the Prospectus or Offering Memorandum.

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Glossary



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Documents published in our Fund Centre at www.assetmanagement.hsbc.co.uk

Source: HSBC Asset Management, data as at 30 September 2022