

Asset Management

ESG Fund Report

HSBC ISLAMIC FUNDS

HSBC ISLAMIC GLOBAL EQUITY INDEX FUND

30 September 2024

Key Facts:

Asset Class	Equity
Report Currency	USD
Fund Size (USD m)	1944.3
Reference Benchmark	Dow Jones Islamic Titans 100

Investment Objective:

The Fund aims to track as closely as possible the performance of the Dow Jones Islamic Market Titans 100 Index (the Islamic Index).

The Index is comprised of the shares of companies in emerging and developed markets that are based anywhere in the world. The Fund will be passively managed and will aim to invest in the shares of the companies in generally the same proportion as in the Index. The shares are selected by filtering the Index universe through screens for business activities and financial ratios to remove stocks that are not Shariah compliant. The Fund will only invest in shares of companies that meet Shariah compliance principles as interpreted or approved by the Shariah Committee. The Shariah Committee monitors the Fund throughout the year and issues an annual Shariah certificate on the Fund's compliance with Shariah principles. This certificate is included in the annual report of the Fund as confirmation of the Shariah compliance for that year. The Fund will not invest in derivatives.

The fund is actively managed and does not track a benchmark. The reference benchmark for market comparison purposes is Dow Jones Islamic Titans 100.

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

*Benchmark = Dow Jones Islamic Titans 100. This benchmark is used solely for market comparison purposes.

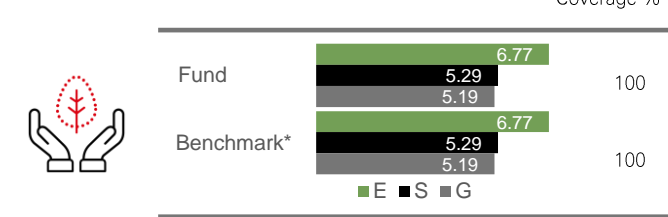
**Source: HSBC Asset Management. Data as at 30 September 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

ESG Reporting

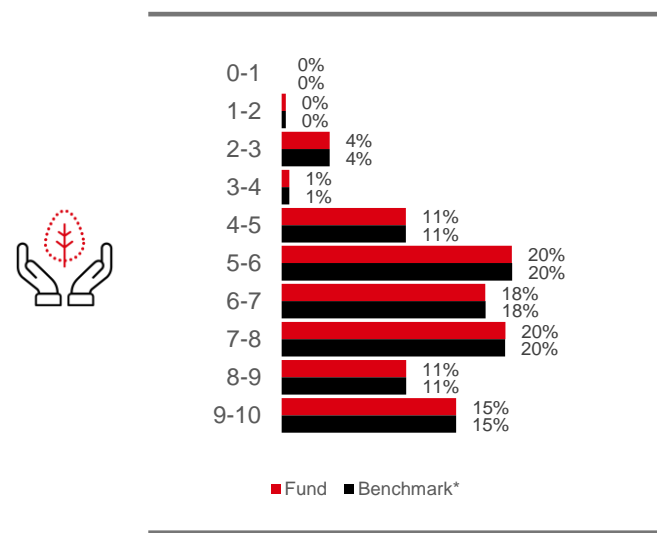
Overall ESG score
(MSCI industry adjusted score)



ESG pillar scores
(MSCI)



Overall ESG score distribution
(MSCI industry adjusted score)



ESG scores are an industry-adjusted methodology used to recognise a company’s position in its industry relative to its peers. Specifically, the score seeks to quantify whether a company is adequately managing its key ESG risks. To determine these, a company’s exposure to risk and how well it manages it is considered.

 ESG scores are constructed from:

 3 Pillars - Environment, Social and Governance

 10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc.

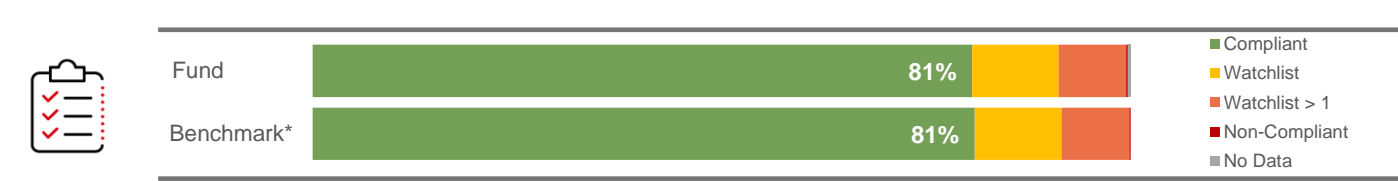
 35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.

The scores can be shown as the sum of all pillars, broken down into pillars and either shown at portfolio level and/or holding level. Where scores are shown at holding level, these scores have been normalised by the company’s industry and this is known as industry-adjusted.

Overall, ESG scores closer to 10 are reflective of industry leaders and scores of 1 or close to 1 are reflective of industry laggards.

United Nations Global Compact

United Nations Global Compact Principle alignment
(Sustainalytics)



The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption.

 The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

 Companies in open violation of the UNGC Principles are flagged as non-compliant within this chart and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principles.

 Please note, companies that are flagged by third-party data providers as non-compliant under the UNGC are subject to ESG due diligence requirements. The ESG due diligence process ensures a more detailed ESG review of a company is undertaken, only resulting in a company being approved for a fund if it is deemed to be meeting ESG requirements. The ESG due diligence process is overseen by relevant committees.

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

*Benchmark = Dow Jones Islamic Titans 100. This benchmark is used solely for market comparison purposes.

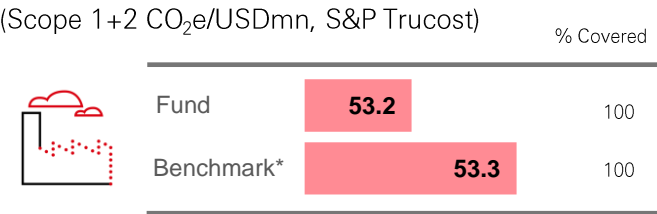
**Source: HSBC Asset Management. Data as at 30 September 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Carbon Metrics

Carbon metrics are used to track the carbon emissions associated with a financial investment. A reduction in carbon emissions is necessary to mitigate global warming. The carbon emissions released by an issuer are the responsibility of the issuer and its investors. Reducing carbon emissions requires action, including issuer development in clean technologies, simplification of supply chains, reuse and innovation of goods, and preservation of forests and other ecosystems. The carbon metrics prescribed by the rules of the FCA can be used to monitor the quantity of carbon emissions relative to the investment, and are published for this fund, where applicable.

The carbon metrics shown here are denominated in USD and treat coverage as a proportion of eligible assets. This can differ to similar metrics in the context of SFDR where metrics are denominated in EUR and coverage is treated as a proportion of total assets.

Carbon intensity

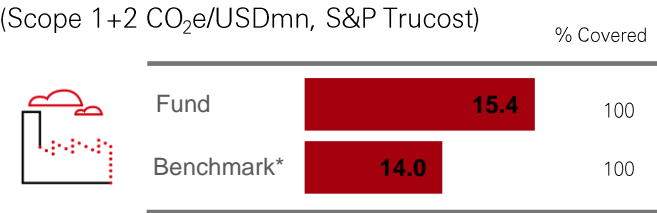


Carbon intensity measures the quantity of carbon emissions per million dollars of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer carbon emissions, relative to issuer economic output. Weighted Average Carbon Intensity is the sum of all issuer carbon intensity, weighted by the allocation to that issuer. It is useful for comparing the economic environmental position of two funds with similar sector and geographic allocation because the level of issuer carbon intensity is dependent in part on the sector, and country policies in which the issuer operates.

DO: Compare funds that have similar allocation of holdings across sector & location

DON'T: Compare funds that have different allocation of holdings across sector & location

Carbon Footprint



Carbon footprint measures the quantity of carbon emissions divided by the issuer value, and then multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it considers the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions because of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Carbon Footprint is the sum of all issuer carbon footprint, divided by the value of the portfolio.

DO: Use to assess total emissions of assets managed, relative to portfolio size

DON'T: Consider short-term fluctuations an indicator of environmental impact or change in carbon emissions

Metric monitoring

When assessing climate risk through carbon metrics, it is important to dissect changes in the metric due to actual climate change mitigation, or the reduction in carbon emissions, versus changes in the economic investment.

Metric	Metric Outcome	Investment Movement	Investment movement direction	Environmental Outcome
Carbon Intensity	↓	Issuer economic output \$m	↑	Possible carbon emission reduction
Total Carbon Footprint	↓	Issuer Value	↑	Inconclusive

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

*Benchmark = Dow Jones Islamic Titans 100. This benchmark is used solely for market comparison purposes.

**Source: HSBC Asset Management. Data as at 30 September 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Carbon Metrics

Are there any limitations or considerations for carbon metrics?

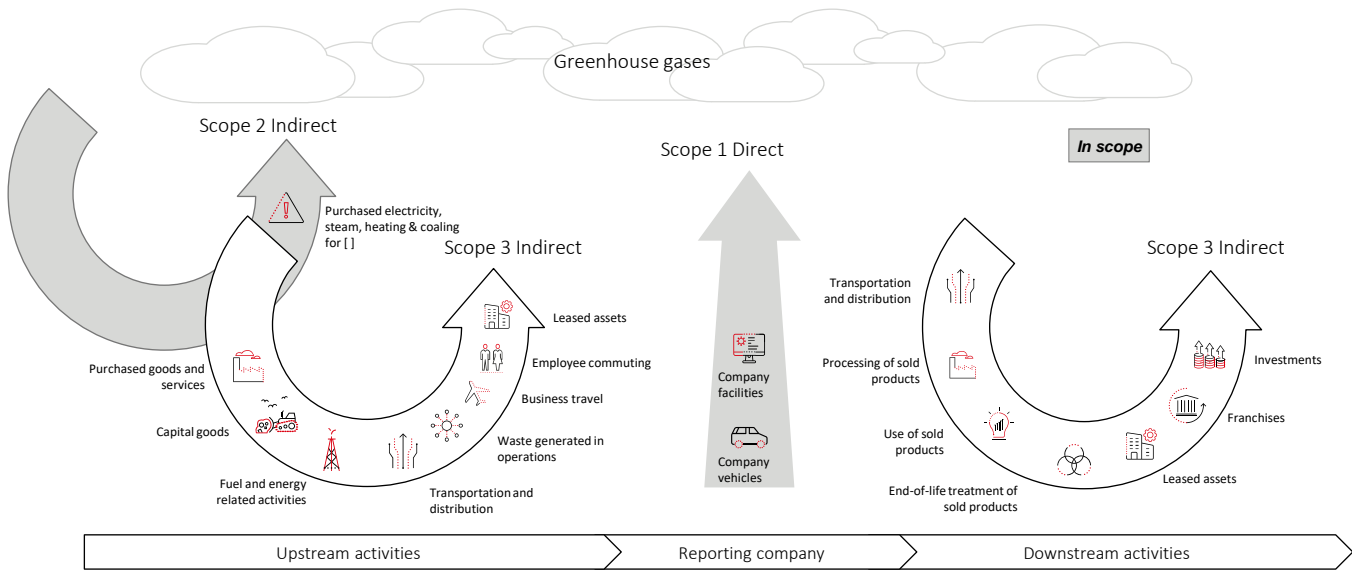
There is not 100% coverage for these metrics. While our data provider S&P TruCost endeavours to provide full coverage for the entire universe of possible holdings, there are sometimes gaps due to companies not reporting emissions and it is not appropriate to estimate non-reported emissions for niche asset classes or sub-industries. There is a further potential gap when our holding is at the subsidiary level and emissions are only reported at the level of the parent company and not distributable to the subsidiary.

We have selected S&P TruCost as our primary provider for publicly disclosing our carbon emissions though there are other providers with good quality capabilities. S&P TruCost, however, has been a market leader in providing climate data and broader ESG factors since 2000.

It's worth noting however, that there is often a lag between economic data such as issuer revenues or values, and carbon emissions data where the economic data is updated more frequently. This means that fluctuations in each of the carbon metrics are to be expected.

Scope 1, 2 and 3 emissions: What are the type of emissions that are included in our carbon metrics?

For 2023, we choose only to include Scope 1 and 2 issuer carbon emissions. However, from 2024 we will also report issuer Scope 3 carbon emissions estimates which aligns to the FCA regulation. This allows all data providers more time to improve the coverage and quality of Scope 3 estimates. Scope 1 and 2 carbon is also more directly under the control of the individual companies we invest in, whereas scope 3 estimates are more representative of the general carbon emissions of a sector value chain.



How is carbon measured?

We account for seven major greenhouse gases identified under the Kyoto Protocol as guided by the Partnership for Carbon Accounting Financials, a methodological standard referenced by the Task Force for Climate Related Financial Disclosures. Our data provider converts these gases into one unit of carbon dioxide equivalent based on their equivalent global warming potential ratio to carbon dioxide, which is summarized in the GHG protocol and summarized in the diagram. Carbon dioxide, the default, has a value of 1. Companies in different sectors will produce different types of greenhouse gases and companies do not often report greenhouse gases individually. In these circumstances they are either estimated, and then converted to their carbon dioxide equivalent unit, or excluded, which means the total carbon emissions reported are likely underestimated.

Greenhouse gases	Conversion	Global warming potential (GWP)	Final Unit
CO ₂	Greenhouse Gas		CO ₂ e
CH ₄	1 Carbon dioxide (CO ₂)	1	
SF ₆	2 Methane (CH ₄)	28	
N ₂ O	3 Nitrous oxide (N ₂ O)	265	
HFCs	4 Hydrofluorocarbons (HFCs)	138-12,400	
PFCs	5 Perfluorocarbons (PFCs)	6,630-11,100	
NF ₃	6 Sulfur hexafluoride (SF ₆)	23,500	
	7 Nitrogen trifluoride (NF ₃)	16,100	

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

*Benchmark = Dow Jones Islamic Titans 100. This benchmark is used solely for market comparison purposes.

**Source: HSBC Asset Management. Data as at 30 September 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Top 10 fund holdings by weight

Holding	%	ESG Score	Sector
APPLE INC	8.1	5.70	Information Technology
NVIDIA CORP	8.0	10.00	Information Technology
MICROSOFT CORP	7.9	7.90	Information Technology
AMAZON.COM INC	5.8	5.60	Consumer Discretionary
META PLATFORMS INC-CLASS A	4.2	2.20	Communication Services
ALPHABET INC-CL A	3.3	4.60	Communication Services
ALPHABET INC-CL C	2.7	4.60	Communication Services
BROADCOM INC	2.7	6.90	Information Technology
TESLA INC	2.4	4.70	Consumer Discretionary
ELI LILLY & CO	2.3	7.00	Health Care

ESG Scores - top scoring holdings

Holding	%	ESG Score
NVIDIA CORP	8.02	10.00
ASML HOLDING NV	1.03	10.00
ADOBE INC	0.77	10.00
SAP SE	0.72	10.00
TEXAS INSTRUMENTS INC	0.63	10.00

ESG Scores – bottom scoring holdings

Holding	%	ESG Score
PDD HOLDINGS INC	0.36	1.70
META PLATFORMS INC-CLASS A	4.19	2.20
ABBOTT LABORATORIES	0.66	3.00
MEDTRONIC PLC	0.39	4.00
NIKE INC -CL B	0.35	4.00

Source: HSBC Asset Management. Data as at 30 September 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Glossary

Carbon intensity	Carbon intensity measures the quantity of carbon emissions per million dollars of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer carbon emissions, relative to issuer economic output. Weighted average carbon intensity is the sum of all issuer carbon intensity, weighted by the allocation to that issuer, for all covered holdings in the fund
Carbon footprint	Carbon footprint measures the quantity of carbon emissions divided by the issuer value, and then multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it takes into account the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions as a result of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Total carbon footprint is the sum of all covered fund issuers carbon footprint, divided by the value of the fund
Carbon dioxide equivalent "CO2e"	CO2e is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide
Coverage	This indicates the proportion of the fund/benchmark for which data can be sourced.
Issuer Value	For listed corporates, issuer values is the EVIC or Enterprise Value including Cash. For unlisted companies, issuer value is total book value of debt and equity. For sovereign issuers, issuer value is the purchasing power parity gross domestic product ("PPP-GDP") of the country for sovereign issuers.
ESG Score	Industry-adjusted methodology to recognise a company's position in its industry relative to its peers ESG scores are constructed from: 3 Pillars - Environment, Social and Governance 10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc. 35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.
UN Global Compact Principles	The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
UN Global Compact Principle Alignment	Percentage of portfolio holdings which, in relation to the UNGC Principles, are either compliant, non-compliant or on the watchlist. Companies in open violation of the UNGC Principles are flagged as non-compliant and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principals. Watchlist>1 refers to companies which have more than one watchlist on the underlying 10 principles.
Sustainable investment	Sustainable Investment is an investment in an economic activity that contributes to an environmental objective or an investment in an economic activity that contributes to a social objective provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Important Information

The material contained herein is for marketing purposes and is for your information only. This document is not contractually binding nor are we required to provide this to you by any legislative provision. It does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

This fund is a sub-fund of the HSBC Islamic Funds, a Luxembourg domiciled Société d'investissement à Capital Variable (SICAV). UK based investors in

HSBC Islamic Funds are advised that they may not be afforded some of the protections conveyed by the provisions of the Financial Services and

Markets Act 2000. HSBC Islamic Funds is recognised in the United Kingdom by the Financial Conduct Authority under section 264 of the Act. The

shares in HSBC Islamic Funds have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and

all areas subject to its jurisdiction, or to United States Persons. All applications are made on the basis of the current HSBC Islamic Funds Prospectus,

Key Investor Information Document (KID), Supplementary Information Document (SID) and most recent annual and semi-annual reports, which can be

obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London, E14 5HQ. UK, or

the local distributors. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KID and additionally, in

the case of retail clients, the information contained in the supporting SID.

Further information about the Company including the Prospectus, the most recent annual and semi-annual reports of the Company and the latest share prices, may be obtained free of charge, in English, from the Registrar and Transfer Agent by emailing amgtransferagency@lu.hsbc.com, or by visiting www.global.assetmanagement.hsbc.com.

The most recent Prospectus is available in English and German. Key Investor Information Document (KID) are available in the local language where they are registered.

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Approved for issue in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority. www.assetmanagement.hsbc.co.uk

Copyright © HSBC Global Asset Management (UK) Limited 2024. All rights reserved.

Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at www.assetmanagement.hsbc.co.uk

Term: The management company cannot terminate the Fund unilaterally. The Board of Directors may furthermore decide to liquidate the Fund in certain circumstances set out in the prospectus and articles of incorporation of the Fund. Further additional and complete information (including but not limited to) investor rights, costs and charges, please refer to the prospectus.

Disclaimers

S&P Trucost Limited: Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

MSCI: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Sustainalytics: This [publication/ report/ section] contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

Follow us on:



HSBC Asset Management

For more information please contact us at E-mail:

Wholesale.clientservices@hsbc.com.

www.assetmanagement.hsbc.com/uk

To help improve our service and in the interests of security we may record and/ or monitor your communication with us.