

## HSBC Global Investment Funds

# GLOBAL EQUITY SUSTAINABLE HEALTHCARE

Monthly report 30 June 2022 | Share class ACORMB



### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of shares of companies that may benefit from increasingly constrained healthcare budgets anywhere in the world, while promoting ESG characteristics.



### Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% of its assets in shares (or securities similar to shares) of Sustainable Healthcare Companies of any size, that are based in, or carry out the larger part of their business activities in developed and emerging markets. The Fund will not invest in shares of companies which have material exposure, exceeding a revenue exposure threshold, to specific Excluded Activities that will not be higher than 30% of the relevant company's total revenue. The Fund can invest up to 40% in China A and China B-shares. For China A-shares, up to 20% through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, and up to 20% in CAAPs. The Fund may invest in money market instruments and 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 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.
- 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.
- The Fund may be concentrated in a limited number of securities, economic sectors and/or countries and as a result, may be more volatile and have a greater risk of loss than more broadly diversified funds.

### Share class details

#### Key metrics

NAV per share **CNH 8.41**

#### Fund facts

UCITS V compliant **Yes**

UK reporting fund status (UKRS) **Yes**

ISA eligible **Yes**

Dividend treatment **Accumulating**

Dealing frequency **Daily**

Valuation time **17:00 Luxembourg**

Share class base currency **CNH**

Domicile **Luxembourg**

Inception date **15 September 2021**

Fund size **USD 118,983,951**

Managers **Michael Schroter  
Nathalie Flury**

#### Fees and expenses

Minimum initial investment<sup>1</sup> **USD 5,000**

Ongoing charge figure<sup>2</sup> **1.875%**

#### Codes

ISIN **LU2324359921**

Bloomberg ticker **HSESHAN LX**

SEDOL **BKY4QT8**

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

<sup>2</sup>Ongoing 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.

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

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

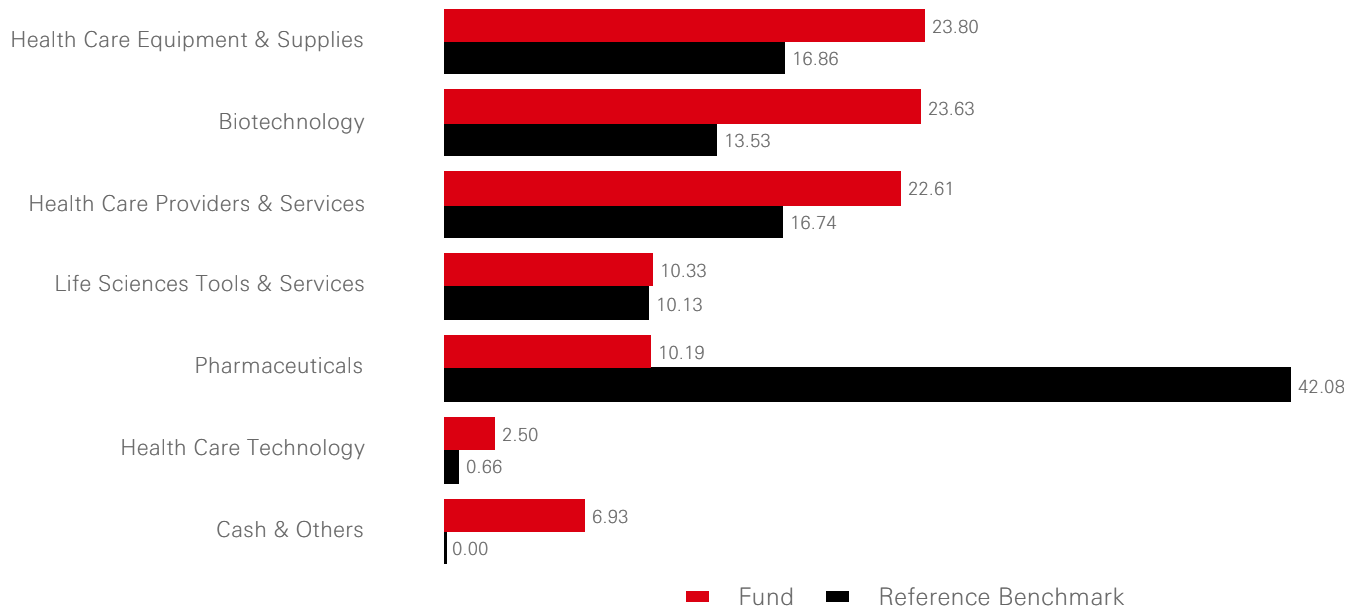
Performance figures will only be published once the share class has achieved a twelve months track record.

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

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception
ACORMB	--	--	--	--	--	--	--	--
Rolling performance (%)			30/06/21- 30/06/22	30/06/20- 30/06/21	30/06/19- 30/06/20	30/06/18- 30/06/19	30/06/17- 30/06/18	
ACORMB			--	--	--	--	--	--

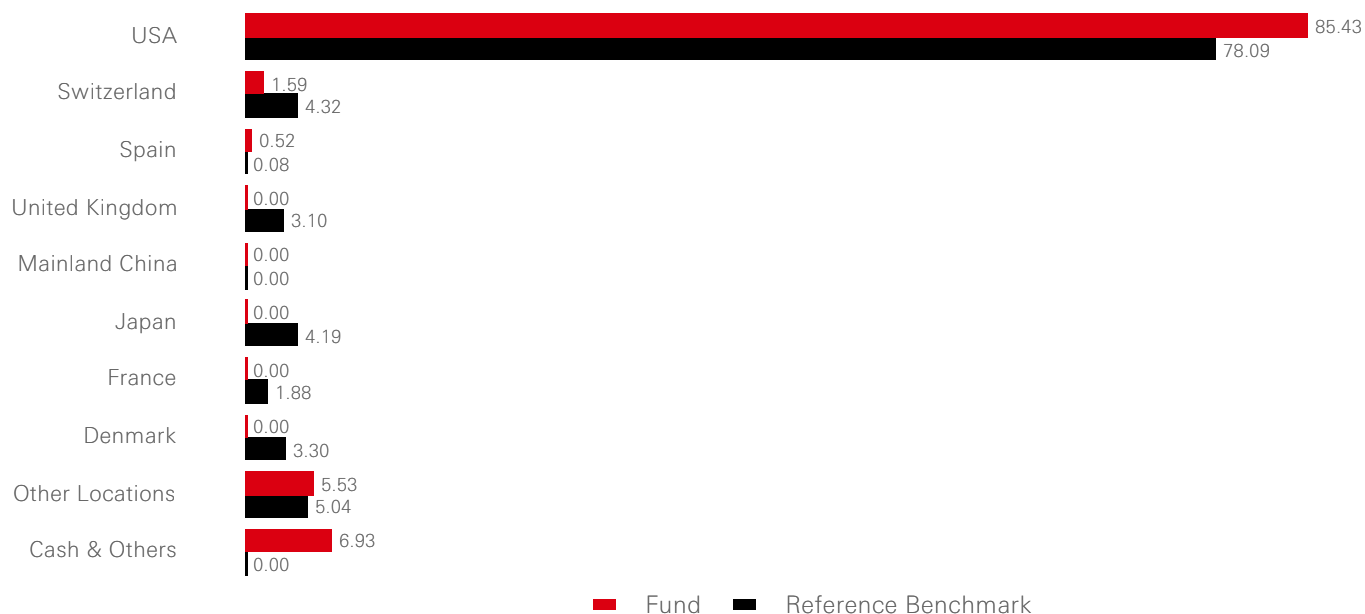
Equity characteristics	Fund	Reference Benchmark	3-Year Risk Measures	ACORMB	Reference Benchmark
No. of holdings ex cash	45	142	Volatility	--	--
Average market cap (USD Mil)	86,566,740,000	180,832,400,000	Beta	--	--

#### Sector allocation (%)



Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees. Performance figures will only be published once the share class has achieved a twelve months track record. The benchmark data is that of the reference benchmark of the fund, as this data is calculated at fund level rather than share class level. The reference benchmark of the fund is 100% MSCI World Health Care Index (USD)  
Source: HSBC Asset Management, data as at 30 June 2022

## Geographical allocation (%)



Top 10 holdings	Sector	Weight (%)
UNITEDHEALTH GROUP INC 10244670	Health Care Providers and Services	6.35
ELI LILLY & CO 10244247	Pharmaceuticals	4.51
VERTEX PHARMACEUTICALS INC 10250572	Biotechnology	4.21
ABBOTT LABORATORIES 10245181	Health Care Equipment and Supplies	3.76
ELEVANCE HEALTH INC 10263808	Health Care Providers and Services	3.71
NEUROCRINE BIOSCIENCES INC 10251588	Biotechnology	3.55
EDWARDS LIFESCIENCES CORP 10160064	Health Care Equipment and Supplies	3.49
THERMO FISHER SCIENTIFIC INC 10496529	Life Sciences Tools and Services	3.47
CENTENE CORP 10245126	Health Care Providers and Services	3.21
ALNYLAM PHARMACEUTICALS INC 10246711	Biotechnology	2.93

## Monthly performance commentary

### Fund performance

The fund's performance has been challenged over the past months given the rotation from growth to value, however, the fundamentals of our holdings remain solid, and we are confident of their long-term prospects. Each of our position in the portfolio ticks the following boxes: company addresses unmet medical need and affordability thus providing pricing power, viable, innovative business models, high scoring from a health economic point of view and sufficient funding over the next 2-3 years. Historically healthcare performs better than most other sectors prior and during times of recession. In light of the economic environment, we plan to maintain and potentially to strengthen our defensive quality growth tilt of the portfolio

To contextualize the fund performance, the portfolio has outperformed the MSCI SMID cap Healthcare index since inception and YTD in addition to being in line with MSCI World index YTD. The strategy underperformed YTD against the reference index, the MSCI World Large Cap Healthcare index. We have moved the positioning of the fund towards more quality growth stocks YTD with >55% of the fund invested in >\$20B market cap stocks moving our average market cap closer to that of the reference index. As a result, we increased our positions in companies with solid free cash flow and minimal exposure to out-of-pocket payments by patients. At the same time, we maintain investments in companies with near term catalyst events. We took profits by divesting from stocks where we see valuations become stretched. For investments in China, we remain on the side line until markets have settled over the regulatory issues which emerged early in the year (i.e. FDA view on Chinese developed drugs and delisting threat of dual listed companies). The health care sector remains the fourth best sector YTD, with current valuations representing an interesting entry point for new long term investors seeking exposure to a defensive yet growth oriented sector which represents 13% of an MSCI world index.

Argenx SE - A Belgium biotechnology company that develops antibody-based therapies for the treatment of severe autoimmune diseases and cancer and has been a contributor to the performance. The stock performed well at the beginning of the quarter off the back of a successful launch of its first commercial product 'Efgartigimod', a drug that is expected to radically change treatment for autoimmune diseases. This was compounded later in the quarter after the drug received regulatory approval in Europe.

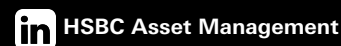
Seagen - The company has currently three oncology products on the market that have long-term blockbuster potential and added this year a fourth product to the portfolio with the approval of Tivdak for cervical cancer. Management's push to broaden the pipeline and move these existing products into earlier lines of therapy can meaningfully open the long-term commercial opportunity which very positive. Seagen is a fully integrated oncology company that is well on its way to becoming a multi-product, commercial-stage enterprise (\$4.4B sales in 2025, Bloomberg consensus numbers) with a proprietary, market-leading antibody drug conjugate platform that has the potential to produce distinctively long-tailed assets. The stock has moved +30% in June after repeated reports the company could be acquired by US Merck. The news has not been confirmed until now.

Abbott Laboratories - Abbott's Libre 3 CGM (continuous glucose monitor mostly used by diabetes patients) was approved end May by the FDA for use in the US, which follows CE mark in Europe in late 2020. We've been long-time believers in the promise of the CGM market and view it as one of the biggest, best global growth markets in MedTech, but take the view that it's big enough for multiple competitors to win at the same time and don't view it as a mutually exclusive opportunity for Abbott or Dexcom (vs. Medtronic). Investors will naturally compare the new Libre 3 vs. the upcoming Dexcom G7 on features, size, accuracy, etc., but our view is both are great products, will continue to grow at healthy double-digit rates, and view market penetration as the biggest overall growth driver vs. market share. At a 71% smaller size, Libre 3 is about the size of two stacked pennies, and for ESG focused investors, ~40% less plastic and paper packaging. Abbott benefits from the favorable health economics data of Libre 3 for use in type 2 diabetic patients which has enabled the company to establish itself as the leader in this space. Abbott is currently well positioned, both from its overall company fundamentals and the diabetes franchise. We continue to see diabetes as one of the most attractive end markets in Medtech, with growth driven by a wave of new innovation, low penetration rates, and expansion into new markets and overall market growth.

## Risk disclosures

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

Follow us on:



UK Investor/Adviser E-mail:  
wholesale.clientservices@hsbc.com  
Lines are open 9am to 5pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

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## Glossary



## Index disclaimer

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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.

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

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