

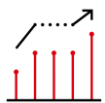
Asset Management

HGIF Global Equity Circular Economy

30 September 2024

A proprietary investment approach targeting circular economy players for a more sustainable world

- ◆ Profit from the structural growth of circular transition



- ◆ Achieve sustainable environmental goals



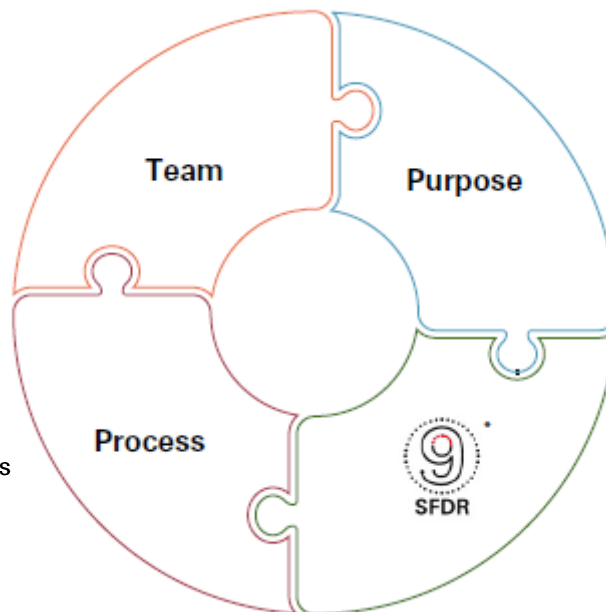
- ◆ Invest in a diversified portfolio of resilient stocks



Fund's key features

- Dedicated climate change team of two portfolio managers and three analysts, leveraging research across HSBC's investment and ESG research teams.

- Holistic ESG driven process
- Proprietary HSBC taxonomy
- High conviction portfolio



- The current linear model is unsustainable
- Circular Economy helps preserve natural resources and eco-systems while generating economic prosperity

- SFDR Article 9*
- Thematic and ESG best-in class approach, disclosures and reporting.

The HSBC GIF Global Equity Circular Economy fund is an actively managed fund and does not have a reference benchmark

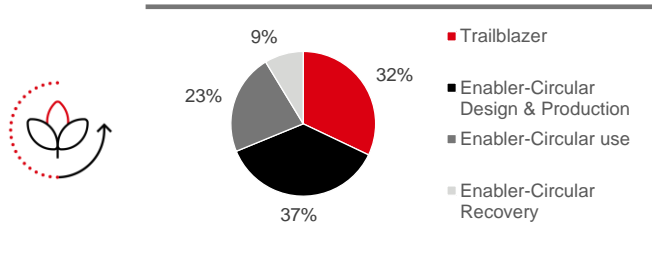
Investment Objective:

The Fund aims to make a positive environmental, social and governance (ESG) impact by investing in a concentrated portfolio of companies that actively contribute to the transition to a more circular global economy. The Fund also aims to achieve a higher ESG rating than the weighted average of the constituents of its reference benchmark, after eliminating at least 20% of the lowest ESG rated issuers. The Fund qualifies under Article 9 of SFDR.

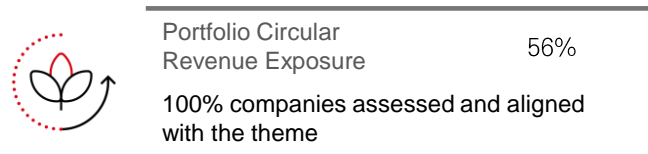
*Article 9 SFDR: the product has a sustainability objective. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus. More information on our 'Responsible Investment' Policy and 'Implementation Procedures' can be found on our website.

Thematic and ESG Reporting

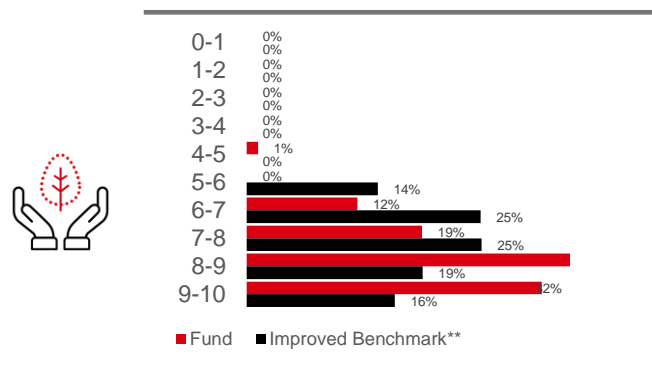
Circular Economy Thematic Classification (***) (HSBC)



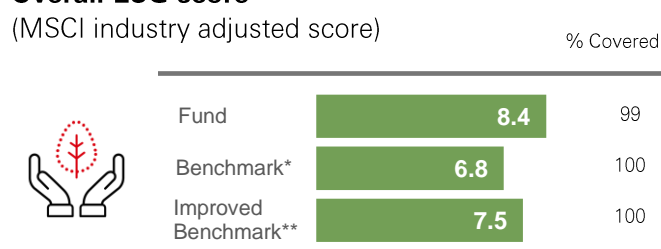
Thematic Purity (HSBC)



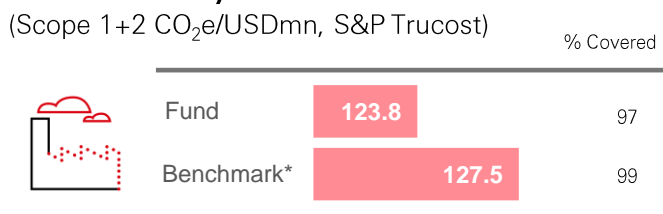
Overall ESG score distribution (MSCI industry adjusted score)



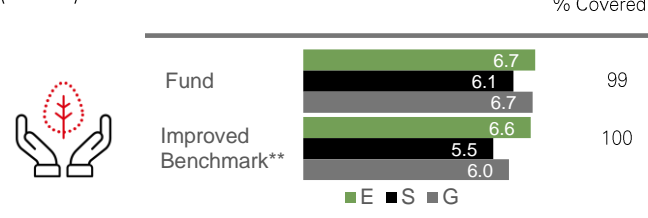
Overall ESG score



Carbon intensity



ESG pillar scores (MSCI)



Exposure to Fossil Fuels, Coal, Power Generation and Renewables (S&P Trucost)

	Fossil Fuel Companies	Coal Companies	Fossil Fuel Power Generation Companies	Renewables Companies
Fund	0.0%	0.0%	0.0%	2.9%
Benchmark*	3.2%	0.2%	0.8%	0.2%

United Nations Global Compact Principal alignment (Sustainalytics)



Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings except for the data on United Nations Global Compact Principal alignment

*Benchmark = MSCI AC World NR; ** Improved Benchmark = removal of lowest (last quintile) rated MSCI ESG holdings

*** Proprietary HSBC Circular Economy Classification & Methodology

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.

Monthly fund review

Highlights: Underperformed the MSCI ACWI but significantly outperformed global equity environmental funds. The underperformance was entirely due to IT where stock selection alone detracted 4.4%.

Stock selection: IT suffered due to an underweighting in the popular big Tech names. Not owning Nvidia detracted 2.3%. And a position in Ansys, which develops software for circular economy purposes detracted 0.7%.

Thematic plays: Circular design & production outperformed, thanks to staples such as Sprout Farmers (+129,5%). Several Trailblazers are top contributors, namely, Intesa Sanpaolo (+52,9%) and MunichRe (+38,0%) in Financials. Similarly, Trailblazers in the consumer space performed well, ie OnHolding (+85,9%) and Kroger (27,6%), two companies with the right strategy and solid execution. Brambles (+46.7%), a global leader in Circular supply chains produced strong FY24 earnings and reassuring outlook on 2025 volumes. Finally, the circular use basket outperformed with United Rentals (+42.2%) and Cintas (+37.5%) thanks to the growth of the Industrial rental market in the US.

Transactions: Profit taking and partially neutralizing IT underweighting

Reduced: Sprout Farmers, United Rentals, Intesa Sanpaolo

Increased: Microsoft, Essilor Luxottica, Equinix, ASML, Kurita Water, Nvidia, Novonesis, Watts Water

Waste intensity (landfill and incineration)

(S&P Trucost, Tonnes/USDmn revenue) % Covered



	Value	% Covered
Fund	14	90
Benchmark*	13	89

Water intensity (direct and purchased)

(S&P Trucost, K Cubic Metres/USDmn revenue) % Covered



	Value	% Covered
Fund	12	97
Benchmark*	6	99

ESG Risk

(Sustainalytics) Corporate Risk Government Country Risk % Covered



	Corporate Risk	Government Country Risk	% Covered
Fund	17.2		95
Benchmark*	21.3		99

Social & Governance

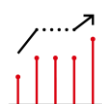
(Bloomberg) % Women on the board % Board Independence % Covered



	% Women on the board	% Board Independence	% Covered
Fund	37	73	96/93
Benchmark*	34	78	99/94

Performance

(AC Share Class, USD) Since Inception 1 Month 3 Months



	Since Inception	1 Month	3 Months
Fund	43.66%	2.53%	8.37%
Benchmark*	51.53%	2.32%	6.61%

Fund is denominated in USD. Costs and returns may vary with fluctuations in the exchange rate.

Past performance does not predict future returns.

The figures are calculated in the share class base currency, dividend reinvested, net of fees.

*Benchmark = MSCI AC World

Please see Glossary section for an explanation of metrics and terminology

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	%	Circular Economy Category	Circular Economy scoring *	ESG Score	Country	Sector
United Rentals Inc	3.4	Enabler-Circular use	Above 50%	8.5	United States of America	Industrials
Ecolab Inc	3.1	Enabler-Circular Design & Production	Above 50%	9.0	United States of America	Materials
Home Depot Inc/The	3.0	Trailblazer	Under 20%	8.5	United States of America	Consumer Discretionary
Veolia Environnement SA	2.9	Enabler-Circular Recovery	20-50%	6.7	France	Utilities
ASML Holding NV	2.9	Enabler-Circular use	20-50%	10.0	Netherlands	Information Technology
Intesa Sanpaolo SpA	2.9	Trailblazer	Under 20%	8.1	Italy	Financials
SSE PLC	2.9	Enabler-Circular Design & Production	20-50%	9.8	United Kingdom	Utilities
Cintas Corp	2.8	enabler-Circular use	Above 50%	6.5	United States of America	Industrials
Equinix Inc	2.7	Enabler-Circular use	Above 50%	8.4	United States of America	Real Estate
Munich Re	2.7	Trailblazer	Under 20%	9.3	Germany	Financials

*Proprietary score : Circular economy revenue for Enablers, expressed in % ; quantitative Circulytics score for Trailblazers from 30 to 100. The primary indicator for Trailblazers is a quantitative assessment of circular economy adoption based on the Circulytics questionnaire; For Trailblazers circular revenue plays a secondary role in our analysis.

Top 10 fund holdings commentary

Companies	Circular Economy impacts
UNITED RENTALS INC	Sharing model – increasing product utilization to reduce production: world’s largest B to B equipment rental company
ECOLAB	Diverse industrial circular solutions for water, waste and food
HOME DEPOT	Focus on reduce, repair, reuse and recycle to extend natural resources, protect the planet and move HD towards circularity
VEOLIA ENVIRONNEMENT SA	Global leader in environmental services, municipal and industrial markets, designs and provides solutions enabling circular economy : water recycling, waste recycling, energy-efficiency, renewable energy.
ASML HOLDING NV	Circular Economy integration of operations: well prepared for scarcity of resources
INTESA SANPAOLO SPA	One of first Global Partners of the Ellen MacArthur Foundation, launched financial products, credit policies and lending strategies with Circular Economy KPI's
SSE PLC	Diversified UK utility with renewable energy generation and electricity networks businesses. Wind energy is a renewable energy source, which is a key input to producing circular products and services
CINTAS CORP	Largest provider of uniform rental service in North America. Proprietary wash processes lead to superior efficiencies, 55% lower energy intensity than home laundry, 11% lower water intensity than average competitor
EQUINIX INC	Product as service: Global IT carbon-neutral data centre platforms for businesses
MUENCHENER RUECKVER AG-REG	Increasingly developing insurance solutions tailored to the needs of circular businesses, such as innovating material recovery, recycling, and reuse. Munich also provides performance insurance for circular infrastructures, including advanced recycling technologies or low-carbon production systems.

The information provided does not constitute a recommendation to buy or sell investments.

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Glossary of metrics and terminology

Proprietary HSBC Circular Economy Classification & Methodology:

Enablers: Companies providing products and services to facilitate the transition

Circular revenue methodology: minimum 20% of revenues

Trailblazers: Large well-known companies demonstrably embracing circularity across their value chain

Quantitative scoring methodology to assess company circularity. Based on Ellen McArthur's Circulytics questionnaire: minimum score of 30

Thematic Purity

Percentage of circular economy revenues generated by portfolio holdings (excluding cash)

Circular revenue percentage:

Percentage of circular revenues from each holding in the portfolio

CO2e:

Carbon Dioxide Equivalent. A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact CO2e is a very useful term because it allows:

- A bundle of greenhouse gases to be expressed as a single number
- Difference bundles of greenhouse gases to be easily compared

Corporate Carbon Intensity (tonnes CO2e/USD mn) :

Tonnes of Scope 2 CO2e/USD mn revenue for selected company against peer companies and peer group.

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$

Coverage:

This indicates the proportion of the fund/benchmark for which data can be sourced.

ESG:

Industry abbreviation for Environment, Social and Governance.

Each of the E, S and G "Pillars" are further broken down into "Themes" and "Key Issues".

Exposure to Fossil Fuels, Coal, Power Generation and Renewables:

Exposure breakdown based on S&P Trucost Sectors and aggregated as per the below table:

Fossil Fuel Companies	Bituminous Coal and Lignite Surface Mining
	Bituminous Coal Underground Mining
	Crude Petroleum and Natural Gas Extraction
	Drilling Oil and Gas Wells
	Natural Gas Liquid Extraction
	Support Activities for Oil and Gas Operations
	Tar Sands Extraction
Coal Companies	Bituminous Coal and Lignite Surface Mining
	Bituminous Coal Underground Mining
	Coal Power Generation
Fossil Fuel Power Generation Companies	Coal Power Generation
	Natural Gas Power Generation
	Petroleum Power Generation
Renewables Companies	Geothermal Power Generation
	Hydroelectric Power Generation
	Solar Power Generation
	Wave & Tidal Power Generation
	Wind Power Generation

Glossary of metrics and terminology

Carbon emissions avoided:

Emissions savings which comprise reduced emissions based on process efficiency improvement over several years, and avoided emissions resulting from the company’s activities or products.

Carbon Impact Ratio:

The carbon impact ratio is the ratio of avoided emissions to induced emissions. It is an easy-to-read indicator of the carbon impact of a company, and enables comparison between the carbon impact of a company and the impacts of its sectorial peers.

Sustainalytics Corporate Risk ESG Score:

It applies the concept of risk decomposition to derive the level of unmanaged risk for a company, which is assigned to one of five risk categories. The score ranges from 0 and 100, with 0 indicating that risks have been fully managed (no unmanaged ESG risks) and 100 indicating the highest level of unmanaged risk. It is calculated as the difference between a company's overall exposure score and its overall managed risk score, or alternatively by adding the Corporate Governance unmanaged risk score to the sum of the company's issue unmanaged risk scores.

Sustainalytics Government Country Risk ESG Score:

Aggregated Country Risk is combined by a Wealth Score and ESG Risk Factor Score.

Both Scores split up into three sub-components:

- Natural and Produced Capital
- Human Capital
- Institutional Capital

Wealth Score = $(\text{Total Wealth } i) / (\text{Max Wealth of All Countries}) \times 100$ (Normalized 0-100)

ESG Risk Factor Score combines the ESG Performance Score, Trend Score and Events Score to calculate the Overall ESG Factors Score. (Normalized 0-100)

United Nations Global Compact (UNGC) Principles:

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.

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
Environment	Principle 6	the elimination of discrimination in respect of employment and occupation.
	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
Anti-Corruption	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Glossary of metrics and terminology

Waste Intensity:

Combined landfill plus incineration waste intensity in tonnes/USDmn revenue

Water Intensity:

m³/USDmn revenue for selected company against peer companies and peer group

Percentage of Women on Board:

Percentage of a company's board comprised of women

Percentage of Board Independence:

Percentage of a company's board comprised of independent directors

Risk Disclosures:

- 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 invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- 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.
- Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- 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.
- 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.
- 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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