

# HSBC GIF Global Equity Climate Change

April 2020

For Professional Clients only



**HSBC**  
Global Asset  
Management

# Contents

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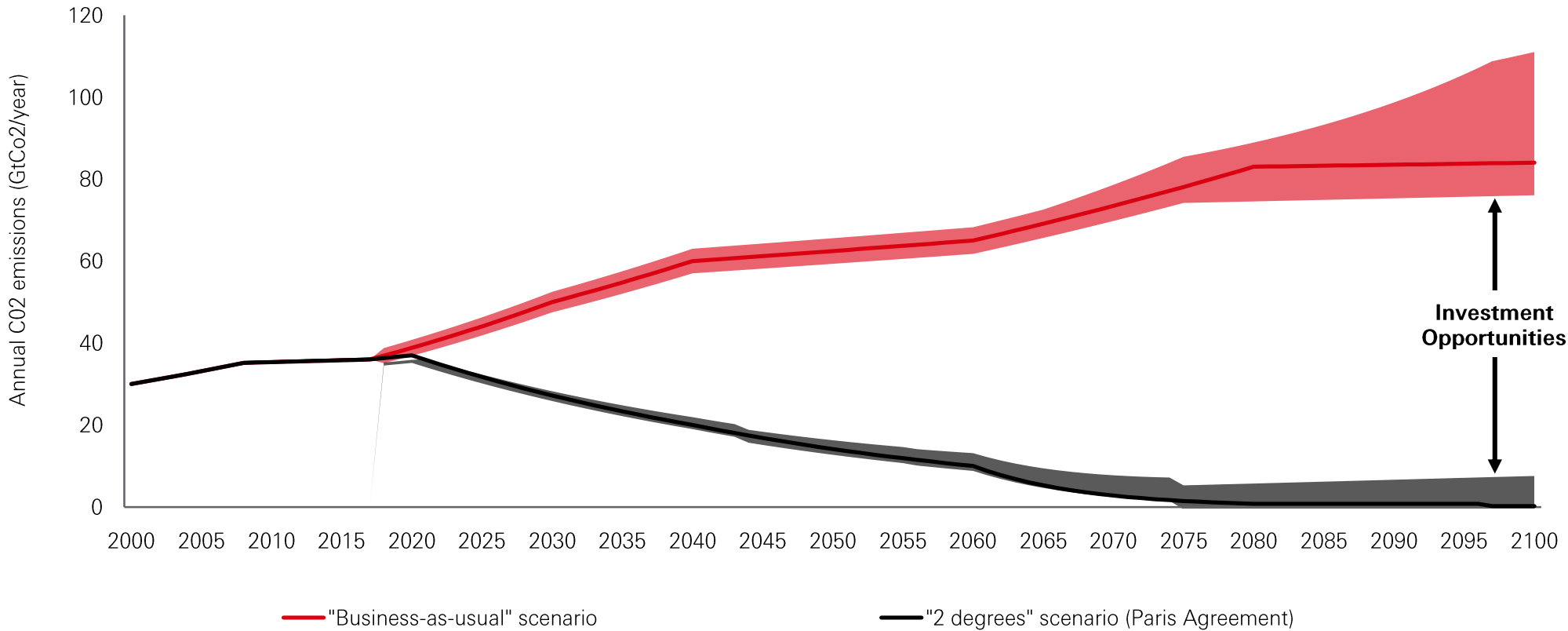
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# Investment theme

# The challenge of climate change is creating new markets and investment opportunities

- ◆ “Business as usual” scenario will not achieve the Paris agreement
- ◆ The necessary energy transition and decarbonisation process will drive innovation
- ◆ Investment opportunities will be generated that active management can exploit



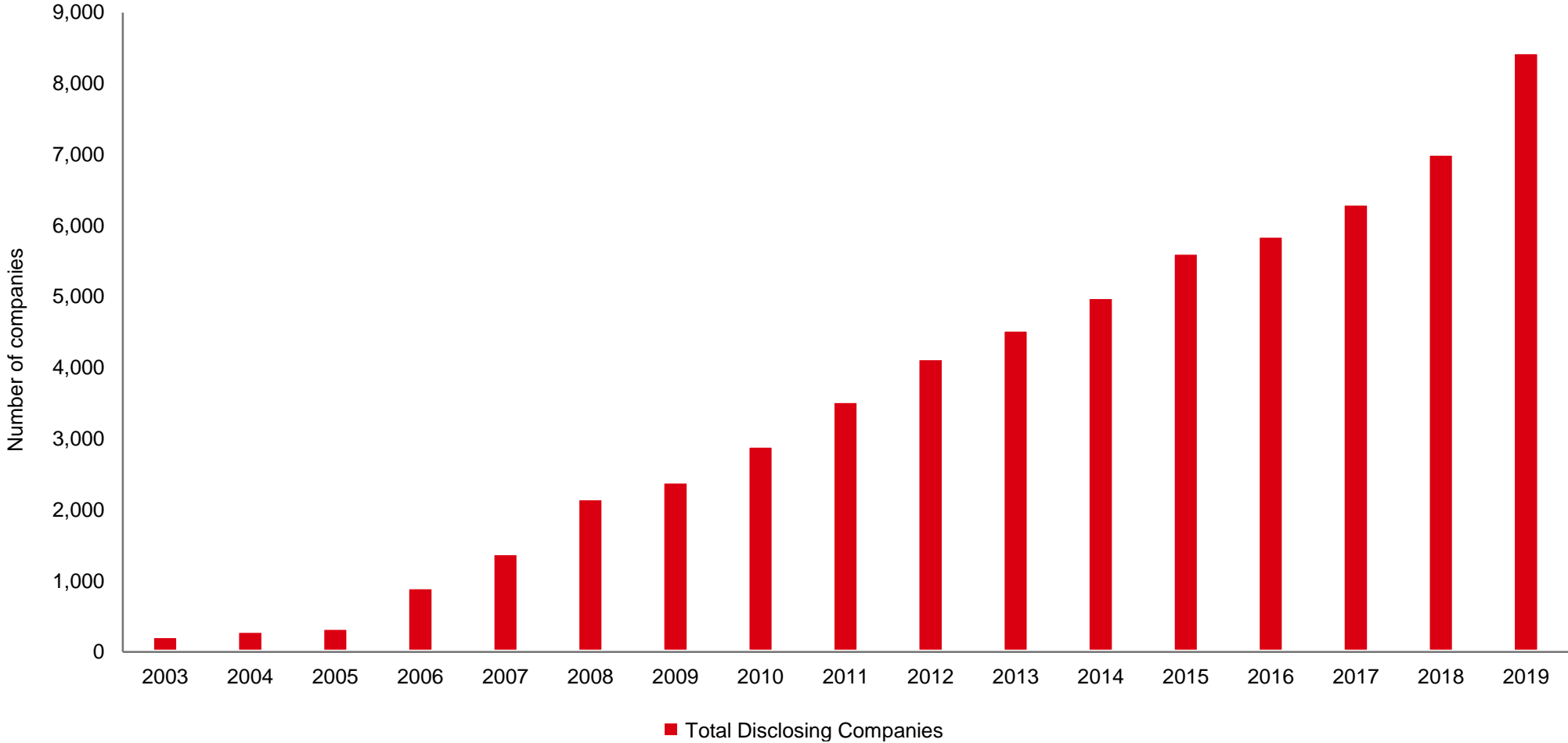
**Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target.**

Source: HSBC Global Asset Management, Climate Change Tracker, as at June 2019. For illustrative purposes only.

# Opportunities exist across all global sectors

The ever increasing number and range of companies reporting to CDP reflects the impact of climate change across all global sectors




Companies disclosing to CDP



Source: HSBC Global Asset Management, Carbon Disclosure Project, January 2020 For illustrative purposes only.

# Capturing the theme

# Climate change theme




	Theme	Definition	Opportunity
Renewable Energy		<ul style="list-style-type: none"> <li>◆ Renewable electricity generation - wind, solar, marine power</li> <li>◆ Manufacture of components of renewable energy</li> <li>◆ Construction/maintenance/expansion of associated distribution and transmission networks</li> </ul>	<ul style="list-style-type: none"> <li>◆ To achieve a sustainable transition away from fossil fuels there will need to be USD110trn of investment in renewable energies cumulatively to 2050<sup>1</sup></li> <li>◆ For every USD 1 spent for the energy transition, there would be a payoff of between USD 3 and USD 7 to 2050</li> </ul>
Energy Efficiency		<ul style="list-style-type: none"> <li>◆ Development of products or technology that reduces energy consumption</li> <li>◆ Manufacture of components to enable energy efficiency</li> <li>◆ Digital solutions that meaningfully reduce energy/ fuel consumption or material use</li> </ul>	<ul style="list-style-type: none"> <li>◆ USD18trn to 2035, increasing growth by 0.25-1.1% per year<sup>2</sup></li> <li>◆ Energy management technologies are growing and will be a USD30bn market by 2020<sup>3</sup></li> <li>◆ On average, every EUR 1 invested in energy efficiency saves EUR 3 over the lifespan of a technology<sup>4</sup></li> </ul>
Clean Transport		<ul style="list-style-type: none"> <li>◆ Low energy or emission transportation products, components and services including electric, hybrid, public, rail, and infrastructure for clean energy vehicles</li> </ul>	<ul style="list-style-type: none"> <li>◆ Low emission passenger car technologies are growing at 30% annually, and will be a near USD400bn global industry by sales in 2020<sup>3</sup></li> <li>◆ Improved and digitalised planning in shipping could lead to fewer km travelled, allowing for industry revenue benefits of USD1.5trn by 2025<sup>5</sup></li> </ul>

**Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target.**

Source: HSBC Global Asset Management

1. IRENA 2019
2. New Climate Economy 2016
3. McKinsey 2019
4. Danfuss 2020
5. World Economic Forum 2019

# Climate change theme (con't)

	Theme	Definition	Opportunity
Green Energy		<ul style="list-style-type: none"> <li>◆ New construction building developments or renovation of existing buildings, which meet recognised environmental standards</li> <li>◆ Buildings management that target specific reduction in energy, water use (e.g. green leases)</li> <li>◆ Building materials or technology (e.g. insulation) that reduce energy, and water use</li> </ul>	<ul style="list-style-type: none"> <li>◆ In emerging markets alone, Green Buildings are expected to be a USD24.7 trillion investment opportunity by 2030<sup>1</sup></li> <li>◆ The market for building environmental efficiency products and services is expected to grow to USD360bn by 2040, up from USD134bn in 2016<sup>2</sup></li> </ul>
Sustainable water and wastewater management		<ul style="list-style-type: none"> <li>◆ Water collection, treatment, recycling, re-use, technologies and related infrastructure</li> <li>◆ We target a minimum water efficiency improvement of 20% compared to the baseline (where available)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Closing the gap between water supply and demand by deploying water productivity improvements could cost USD60 billion annually over the next two decades. Many of these investments yield positive returns in just three years<sup>3</sup></li> <li>◆ The number of people living in water scarce or water stressed areas is expected to rise from 1 billion in 2005 to 3.5 billion by 2025<sup>4</sup></li> </ul>
Climate change adaptation		<ul style="list-style-type: none"> <li>◆ Flood defences systems and related infrastructure information support systems, such as climate observation and early warning systems</li> <li>◆ Sustainable pest control</li> </ul>	<ul style="list-style-type: none"> <li>◆ Research has shown that spending USD1.8trn on specific adaptation areas between 2020 and 2030 could generate USD7.1trn in total net benefits through avoided losses, economic benefits, and socio-environmental gains<sup>5</sup></li> <li>◆ An analysis of 1,300 known invasive pests and pathogens estimated their potential cost to global agriculture at over USD540bn per year if they continue to spread in large part due to climate change<sup>6</sup></li> </ul>

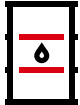


**Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target.**

Source: HSBC Global Asset Management

1. FC 2019
2. International Energy Agency 2018
3. McKinsey 2019
4. World Bank
5. Global Commission on Adaptation 2019
6. Kew 2017



# Climate change theme (con't)

	Theme	Definition	Opportunity
Pollution and waste prevention and control		<ul style="list-style-type: none"> <li>◆ Products or technology contributing to (non-transport) reduction of air emissions (NOx, SOx, particulates etc.).</li> <li>◆ Sustainable waste management – Waste minimisation, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies and solutions</li> </ul>	<ul style="list-style-type: none"> <li>◆ Air pollution kills 7 million people each year, costing USD5tn/year<sup>1</sup></li> <li>◆ Palladium, a metal used as a catalyst to reduce toxic fumes from car exhausts, has risen in price by 12% CAGR for the last decade and is now considerably more valuable than gold per Oz</li> </ul>
Circular economy and resource efficiency		<ul style="list-style-type: none"> <li>◆ Resource-efficient packaging and distribution</li> <li>◆ Industrial carbon capture and storage technology</li> </ul>	<ul style="list-style-type: none"> <li>◆ Switching to a circular economy could unlock additional USD4.5trn of global GDP by 2030 as a result of resources being better utilised and more jobs being created in higher-skilled industries<sup>2</sup></li> <li>◆ Marine plastic alone is estimated to cost the world between USD250bn and USD2.5trn annually<sup>3</sup></li> </ul>
Natural capital and ecosystems		<ul style="list-style-type: none"> <li>◆ Environmentally sustainable agriculture</li> <li>◆ Environmentally sustainable fishery and aquaculture/products</li> <li>◆ Environmentally sustainable forestry/forestry products</li> <li>◆ Sustainably sourced food and meat alternatives</li> </ul>	<ul style="list-style-type: none"> <li>◆ USD44trn of global economic value is moderately or highly dependent on nature and its services<sup>4</sup></li> <li>◆ Enhancing coastal wetlands could save the insurance industry USD52bn a year in reduced losses from storms and flood damage<sup>5</sup></li> </ul>

**Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target.**

Source: HSBC Global Asset Management

1. BAML 2020, citing UN 2019
2. World Economic Forum
3. Beaumont et al 2019
4. WEF 2020
5. Barbier et al 2019

# Stock stories

# Stock example

## Theme: Circular Economy and Resource Efficiency

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### Sub-theme: Plastic packaging

- ◆ Expectation of more plastic in oceans than fish mass by 2050 (Ellen MacArthur 2019)
  - ◆ Marine plastic estimated to cost world between USD250bn and USD2.5 trillion annually. Costs incurred through lost fisheries, recreation limitations and changes to carbon absorption systems (Beaumont et al 2019)
  - ◆ Global packaging market expected to be worth USD1trn by 2021, growing at 5-7% annually (Smithers 2018)
  - ◆ Current plastic production causes equivalent emissions of 189 coal power stations. Number rises to 615 stations by 2050 given current production growth (CEL 2019)
- 



### Solution Industry Opportunity: Paper Packaging

- ◆ Paper-based packaging can be recycled & reused eight times before quality deteriorates (then biodegradation)
  - ◆ All paper packaging can be processed in same recycling stream
  - ◆ Additional 15% of virgin input required grown in forests, removing CO2 from environment
  - ◆ Easier and cheaper for brands to print and e-market on paper packaging vs plastic
  - ◆ Since 2000, cardboard box demand risen ~3% CAGR (Numera 2017)
- 



### Selected Company Investment: SKG LN

- ◆ Biggest paper packaging manufacturer in Western Europe
  - ◆ Outgrew the containerboard box industry by 5x in 9m19. Best margins, and highest ROIC.
  - ◆ Spending €1.6bn by 2023 to secure paper supply, improve box factory efficiency, and serve clients faster
  - ◆ Market pricing SKG for zero profit growth
- 

**Past performance should not be seen as an indication of future returns. For illustrative purposes only and does not constitute any investment recommendation in the above mentioned companies. These examples are historic and contain information that is not current and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe to any investment. Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway.**

Source: HSBC Global Asset Management, Climate Change Tracker, as at June 2019. For illustrative purposes only. 10

# Stock example

## Theme: Circular Economy and Resource Efficiency

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### Sub-theme: Sustainable Agriculture

- ◆ Agriculture responsible for >25% of man-made GHG emissions
- ◆ Current food production system causing high biodiversity loss and damage to natural capital
- ◆ 67% of endangered species expected to be lost in next century (WEF 2019). Damage to ecosystems reduces habitat-based atmospheric carbon removal
- ◆ Food demand to grow by 80% by 2100 (FAO 2019); potential for increased ag-driven climate issues in future



### Solution Industry Opportunity: Precision Agriculture

- ◆ Artificial Intelligence (AI), machine learning, and sensor technology solutions to improve farm resource efficiency, increase yields, reduce impacts
- ◆ Moving from traditional field level innovations to managing individual plant growth in real time
- ◆ Example: AI technology learns to target individual weeds (no larger than postage stamp) with correct dose of herbicide...in a field of 100m individual plants
- ◆ Environmental impact of farming reduced, lower costs to farmers and food affordability benefits
- ◆ Precision ag currently USD4.1bn market, growing 15% annually (Grandview Research 2019)



### Selected Company Investment: Deere

- ◆ Dominant position in US farming; strong customer loyalty, growing international business
- ◆ Company shifting from equipment seller to tech driven platform – lumpy equipment sales now reliable subscription revenue
- ◆ Blue River AI platform app ‘sharp shoots’ weeds with optimal herbicide portion, ~90% less herbicide used. ‘Just the beginning’ of Deere’s plans for technology advancement across product portfolio
- ◆ Valuation attractive for high ROIC business capable of above market implied revenue growth

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Source: HSBC Global Asset Management, Climate Change Tracker, as at June 2019. For illustrative purposes only.

# Fund characteristics

# HGIF Global Equity Climate Change

## Top 10 holdings – March 2020

Name	Weight	Country	Theme	Industry
Microsoft	4.01	US	Energy Efficiency	Information Technology
Orsted	2.81	Denmark	Renewable Energy	Utilities
Prologis	2.30	US	Green Buildings	Real Estate
Ball Corp	2.39	US	Circular Economy & Resource Efficiency	Materials
Neste	2.52	Finland	Renewable Energy	Energy
Schneider Electric	2.47	France	Energy Efficiency	Industrials
Iberdrola	2.45	Spain	Renewable Energy	Utilities
Rentokil Initial	2.37	UK	Climate Change Adaptation	Industrials
Azbil Corp	1.97	Japan	Green Buildings	Information Technology
Alphabet	2.24	USA	Energy Efficiency	Communication Services

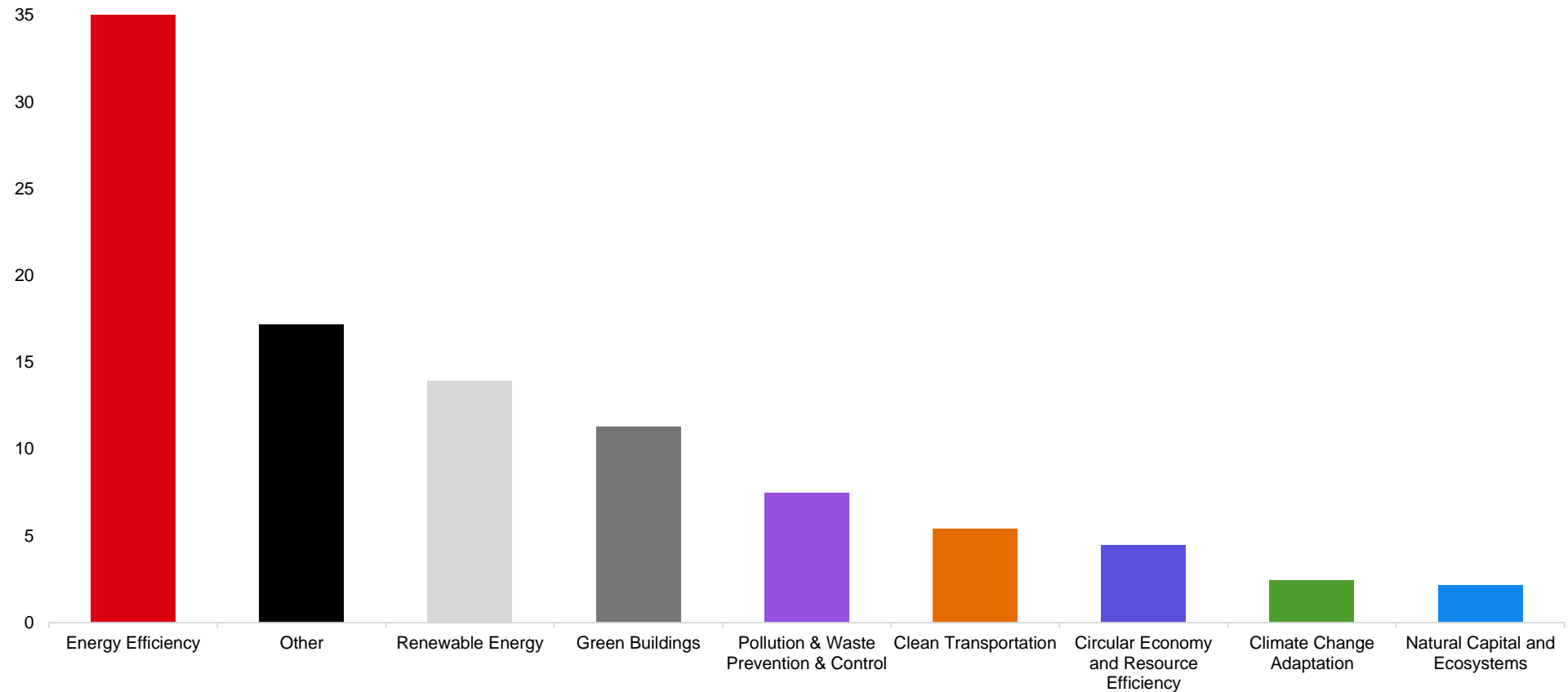
The objective of this fund is a diverse exposure to the broad “decarbonisation” theme. Our potential holdings reflect an assessment of the relevant investment merit of these names within the context of the subset of the broader global equity universe.

Source: HSBC Global Asset Management as at end of March 2020.  
For illustrative purposes only and does not constitute any investment recommendation in the above mentioned companies.

# HGIF Global Equity Climate Change

## Portfolio positioning – March 2020

- ◆ Broad thematic/geographic exposure of 40-50 companies
- ◆ Thematic exposure – services likely to become a bigger part of the portfolio over time



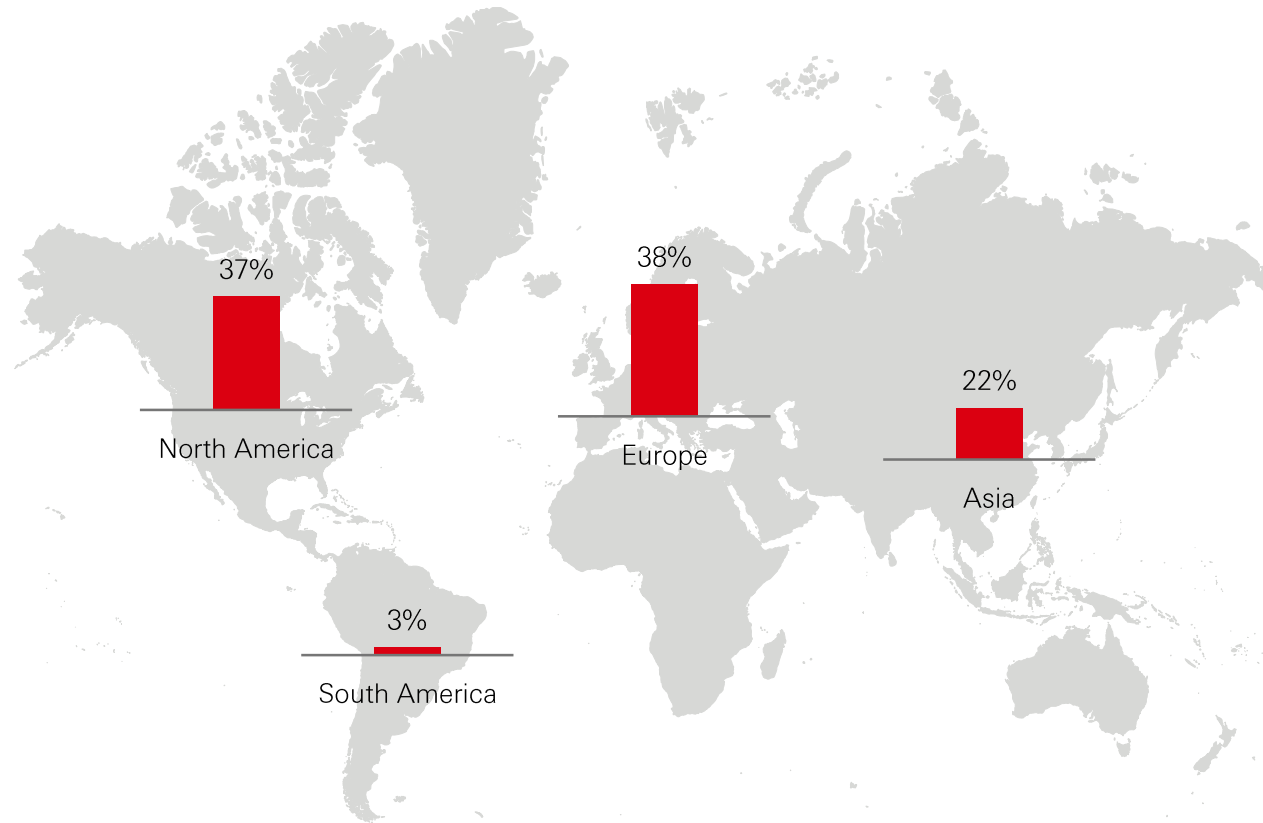
Source: HSBC Global Asset Management, as at end of March 2020. The listed securities above are the top holdings of the fund. The securities have been selected via our strict and disciplined investment process, which focuses on sustainability of profitability and attractive valuations, while achieving exposure to the communication theme. The information provided is for informational purposes only and should not be construed as a recommendation or solicitation for any security in the sectors referenced.

# HGIF Global Equity Climate Change

## Portfolio positioning – March 2020

◆ Geographic exposure – more Asia/EM opportunities likely to appear over time

### Geographic exposure



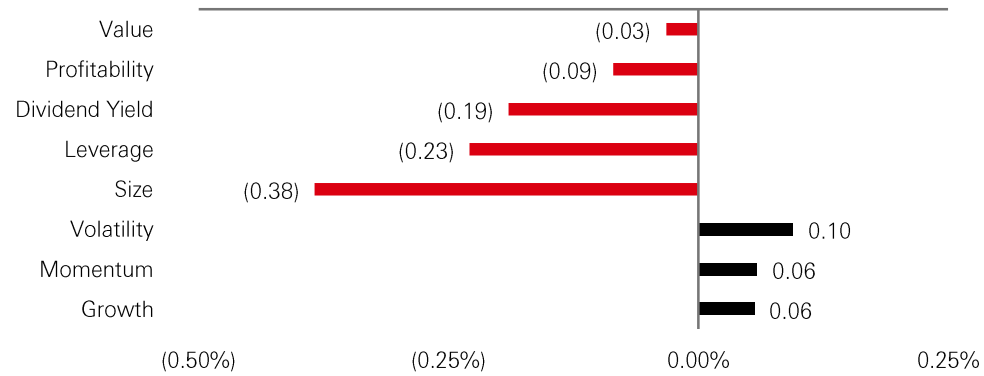
Source: HSBC Global Asset Management, as at end of December 2019. The information provided is for informational purposes only and should not be construed as a recommendation or solicitation for any security in the sectors referenced.



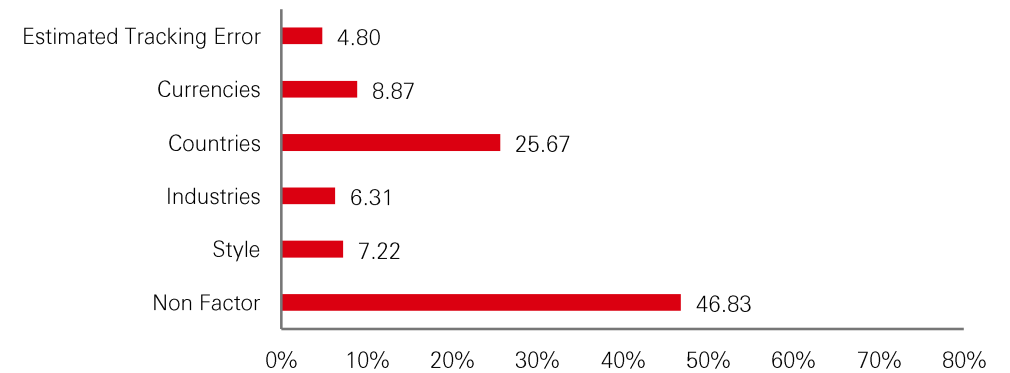
# HGIF Global Equity Climate Change

## Portfolio characteristics

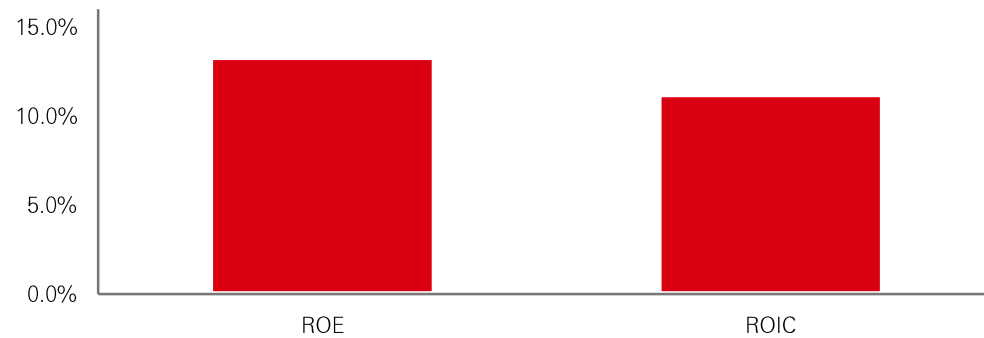
### Factor exposure



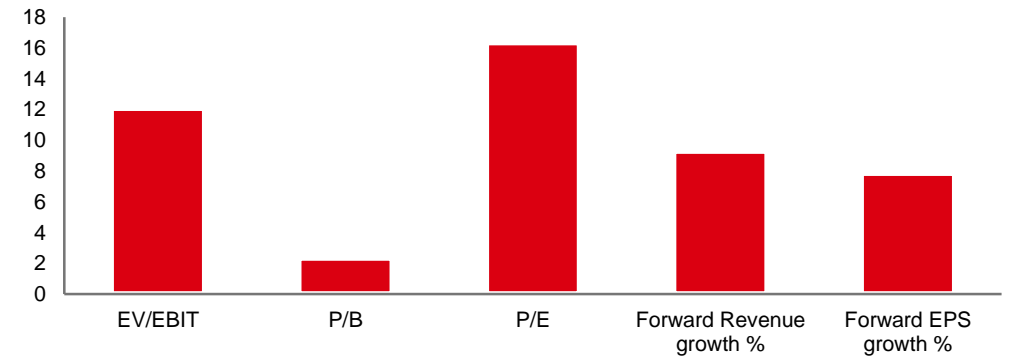
### Tracking error contribution (%)



### Profitability



### Valuation



Any performance information shown refers to the past and should not be seen as an indication of future returns.

Source: HSBC Global Asset Management as at end of March 2020.

Data is supplemental to the GIPS® compliant presentation at the end of this material

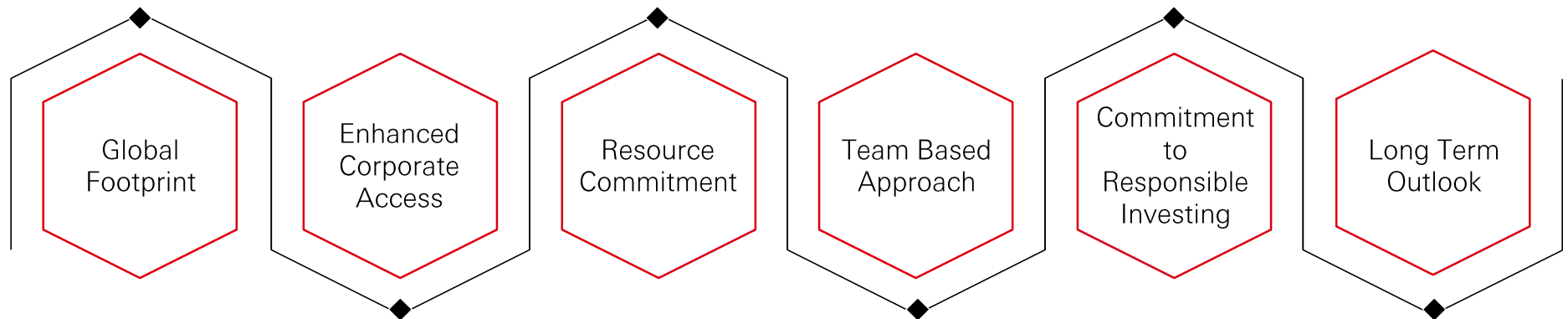
For illustrative purposes only and does not constitute any investment recommendation in the above mentioned companies.

# Summary

# Summary

- ◆ Climate change is creating new markets and investment opportunities
- ◆ Investment candidates are found across Asia, Europe and North America, in Developed Markets and Emerging Markets, within all industries, and across the market cap spectrum
- ◆ We are confident that we can deliver on the fund's objective
  - Clear thematic exposure
  - Attractive investment returns
  - Appropriately risk managed

## Being part of HSBC Group brings unique scale, reach, resources and commitment



# Important information

# Key Risks

## HGIF Global Equity Climate Change

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally 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

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XB-0168 EXP: 31/01/2021

# Appendix



**HSBC**  
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Management

# Investment team and resources



**HSBC**  
Global Asset  
Management



# HSBC Global Equity

## Experienced investment team



**Angus Parker**  
Team Head



**Nicholas Dowell**  
Portfolio Manager



**Oliver Gottlieb**  
Portfolio Manager



**Tobyn Dickinson**  
Portfolio Manager



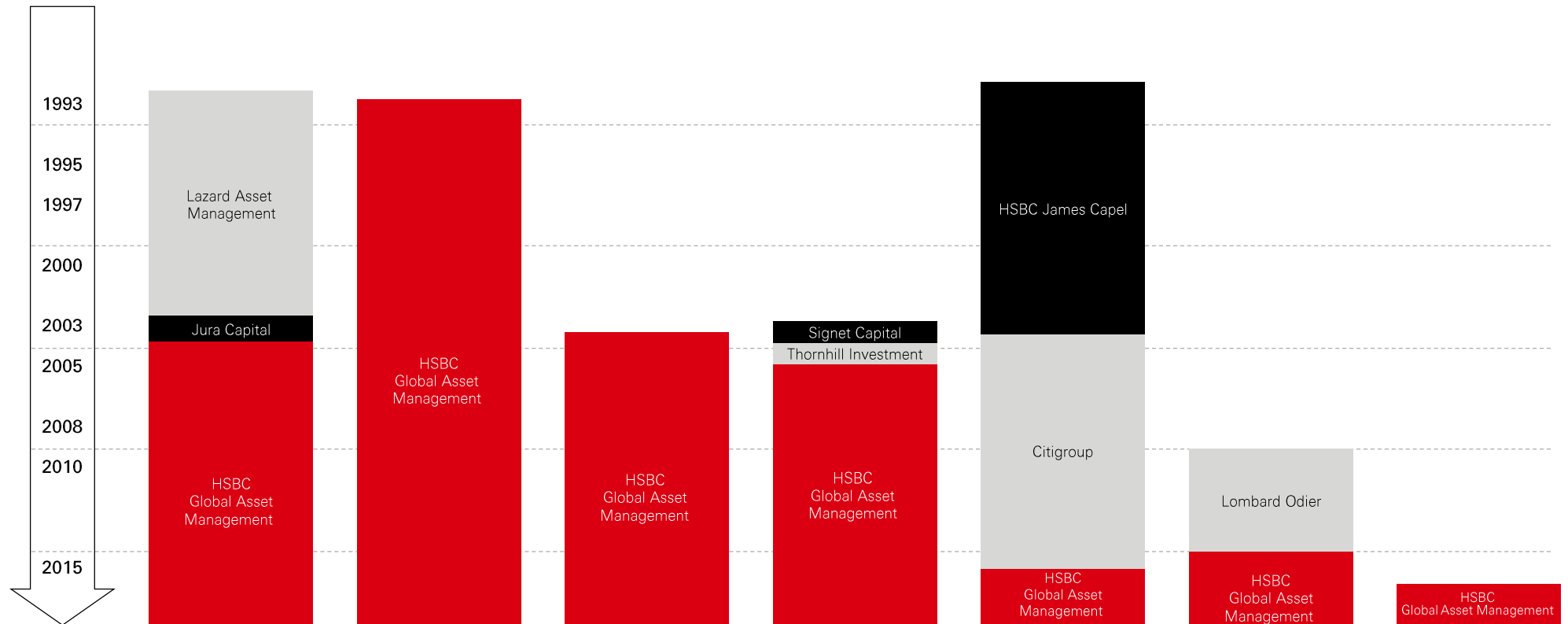
**Guy Froud**  
Portfolio Manager



**Yiyi Yang**  
Senior Analyst



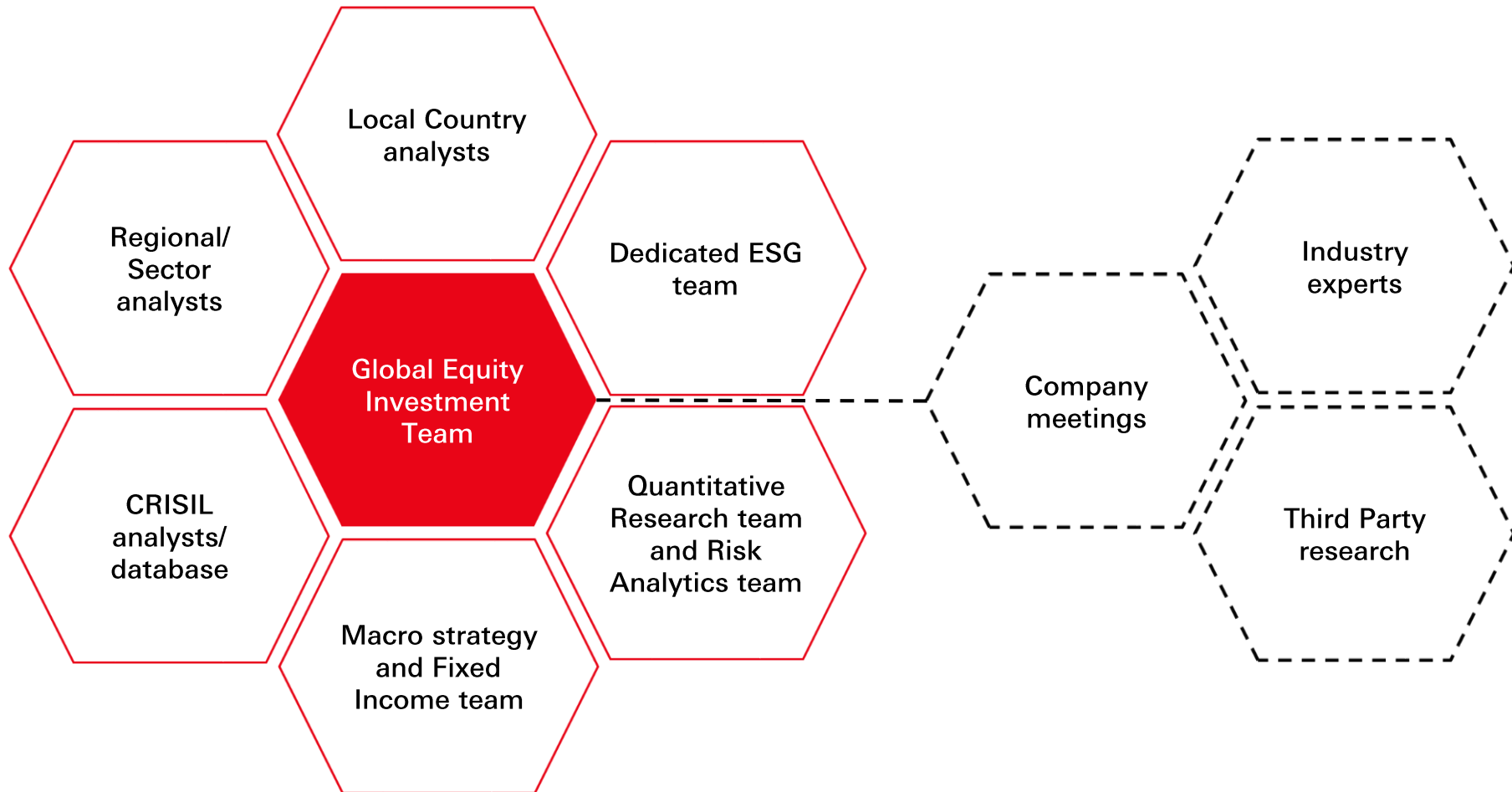
**Henry Wong**  
Analyst



Source: HSBC Global Asset Management, December 2019

# Proprietary fundamental research

Investment team connectivity: Local insights, global perspective



CRISIL = Credit Rating Information Services of India Limited

ESG= Environment, Social and Governance

Source: HSBC Global Asset Management

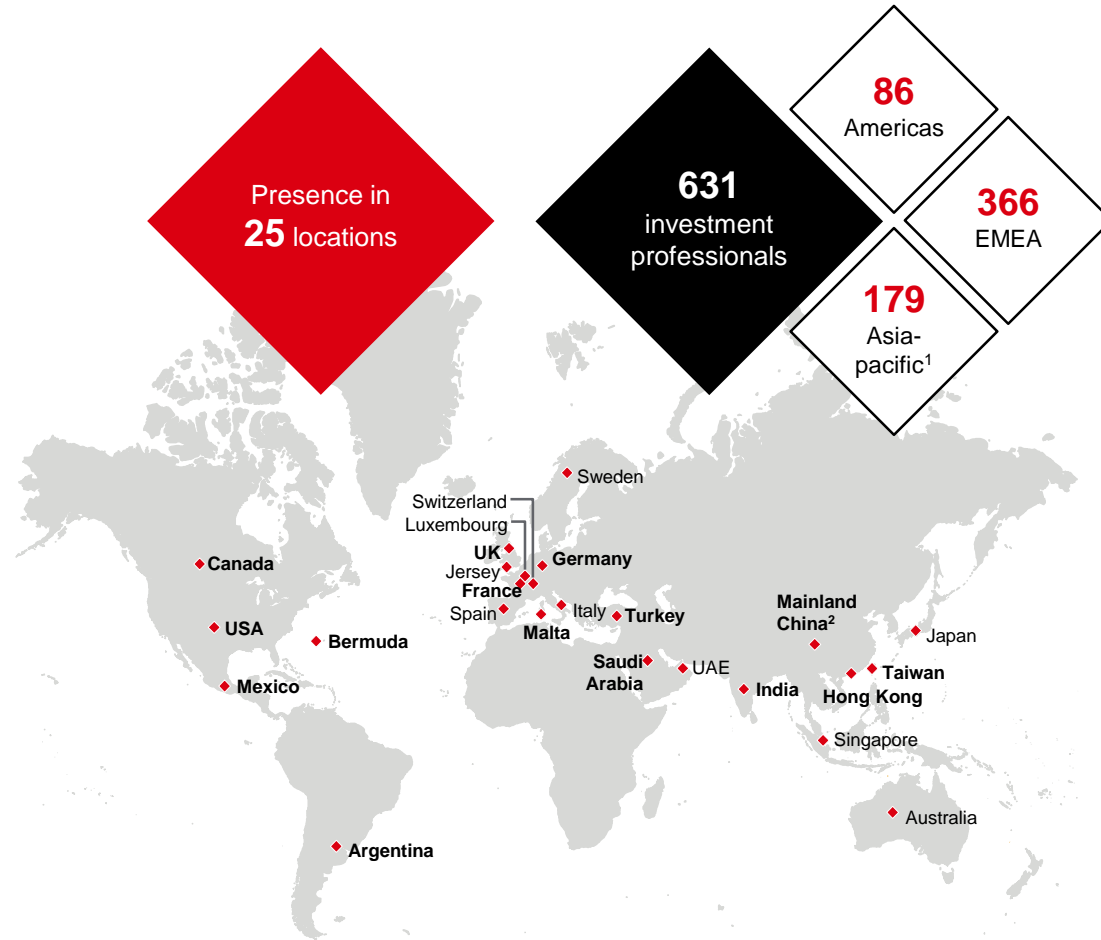
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Representative overview of the investment process, which may differ by product, client mandate or market conditions.

For illustrative purposes only.

# A global network of local experts

Investment professionals working across key locations



◆ HSBC Global Asset Management offices - Countries and territories where our investment teams sit are in bold

1. Asia-Pacific includes employees and assets of Hang Seng Bank, in which HSBC has a majority holding.

2. HSBC Jintrust Fund Management company is a joint venture between HSBC Global Asset Management and Shanxi Trust Corporation Limited.

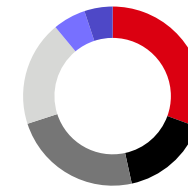
\*Alternatives assets include USD6.4bn from committed capital ("dry powder").

\*\*Other is the assets of Hang Seng Bank, in which HSBC has a majority holding, and of HSBC Jintrust Fund Management, a joint venture between HSBC Global Asset Management and Shanxi Trust Corporation Limited.

Source: HSBC Global Asset Management as at 31<sup>st</sup> December 2019. Any differences are due to rounding.

## USD517.1bn under management

### By asset class (USDbn)



- Fixed Income (158.1)
- Equity (82.8)
- Multi-Asset (121.1)
- Liquidity (98.1)
- Alternatives (30.6)\*
- Other (26.4)\*\*

### By region (USDbn)



- Americas (119.8)
- EMEA (275.6)
- Asia Pacific (121.8)

### By client type (USDbn)



- Wholesale (264.7)
- Institutional (252.5)

# Our approach



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# HSBC Global Equity Climate Change

## Our approach

- ◆ Global
- ◆ Active
- ◆ Bottom-up
- ◆ Long-term

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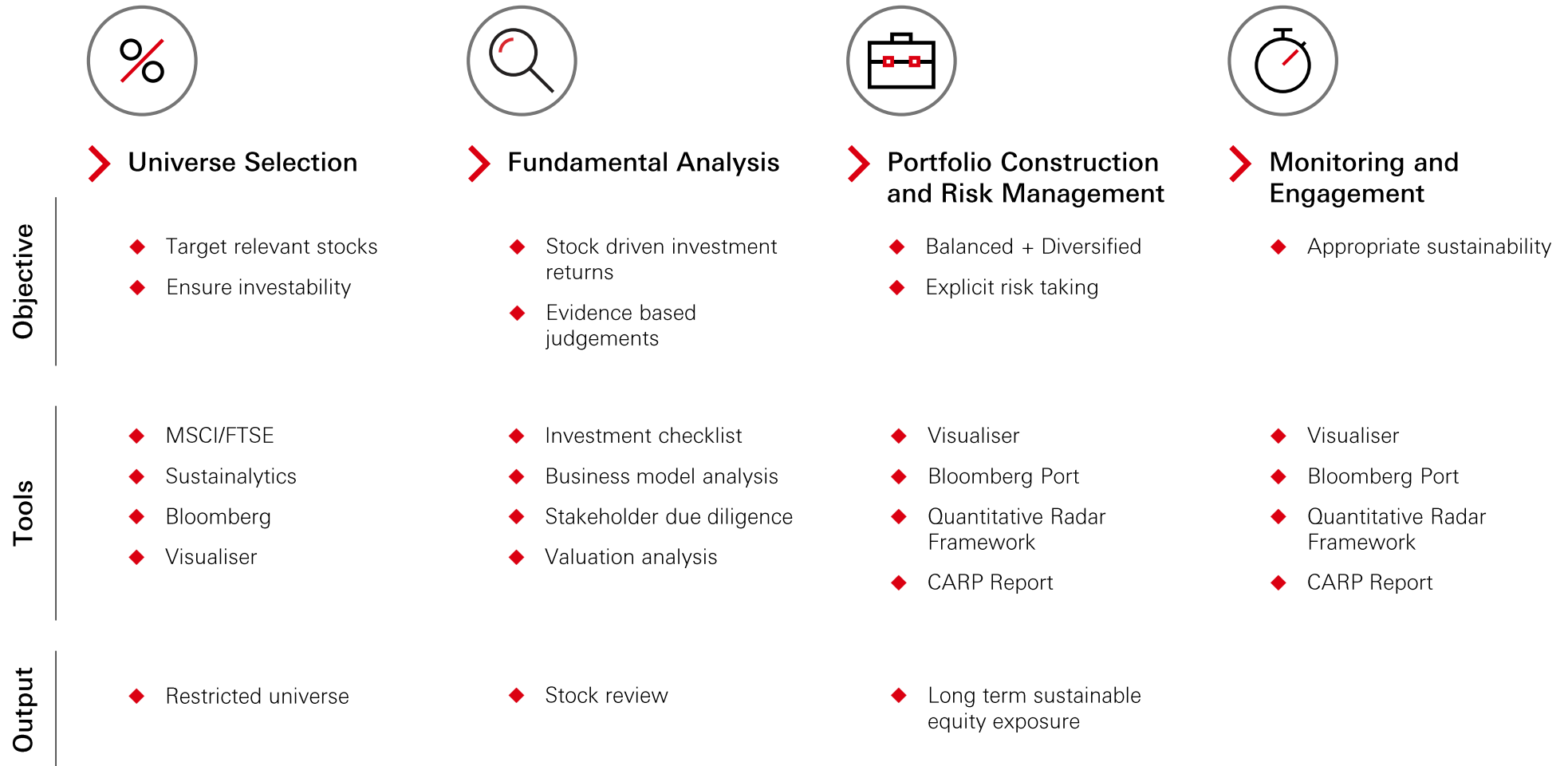
# Process summary



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# Investment process

## Quantitative discipline and qualitative judgement



Source: HSBC Global Asset Management  
 Representative overview of the investment process, which may differ by product, client mandate or market conditions.  
 For illustrative purposes only.

# Profitability, purpose, prospects

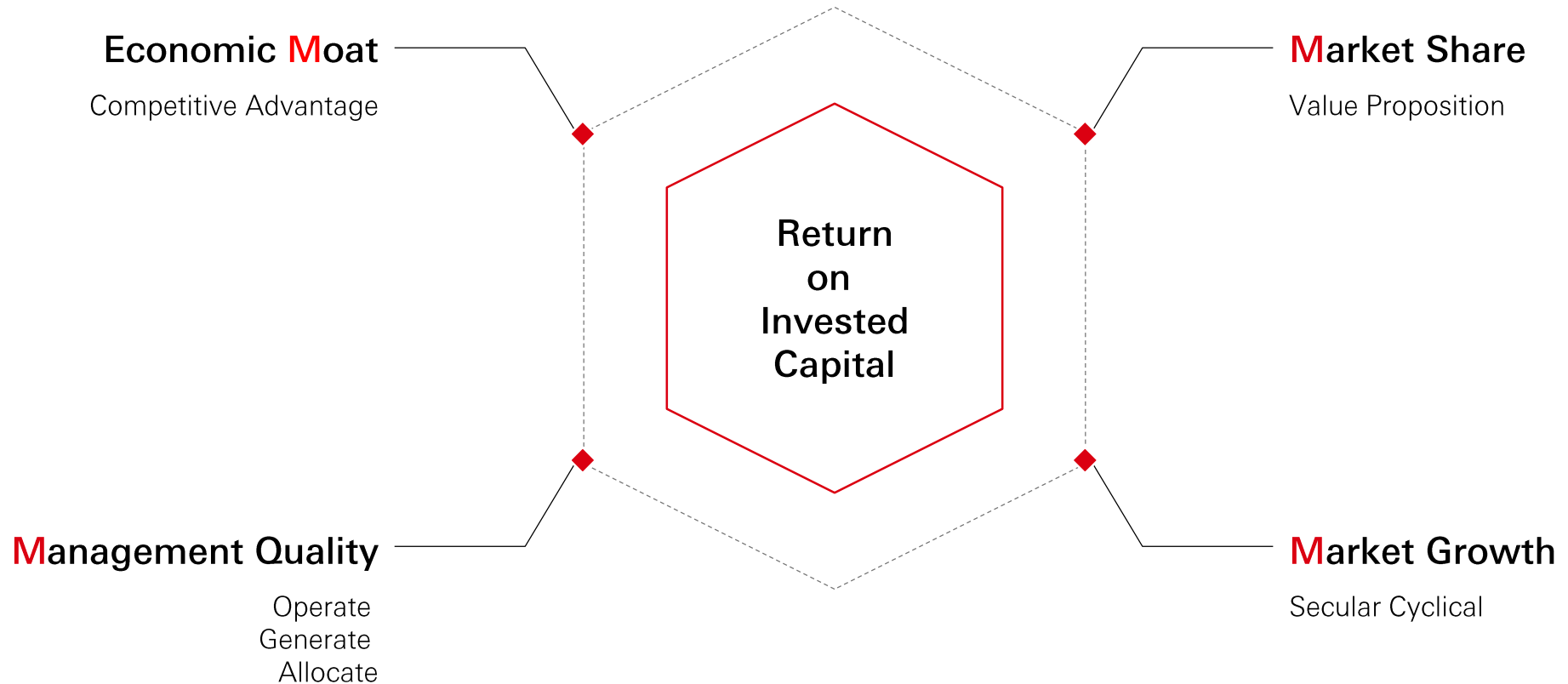


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# Business model analysis

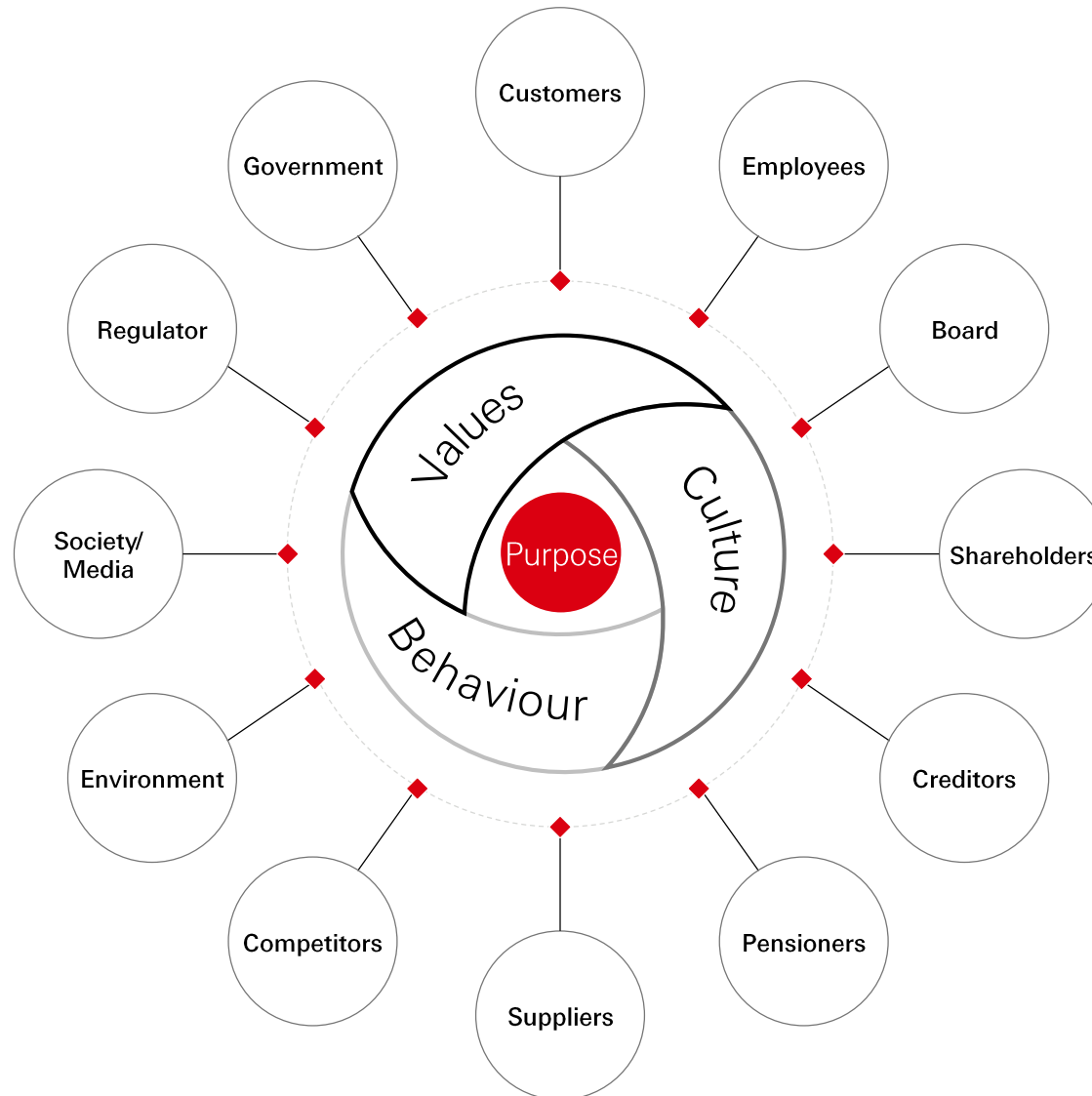
Can the company achieve its purpose



Source: HSBC Global Asset Management  
For illustrative purposes only.

# Stakeholder due diligence

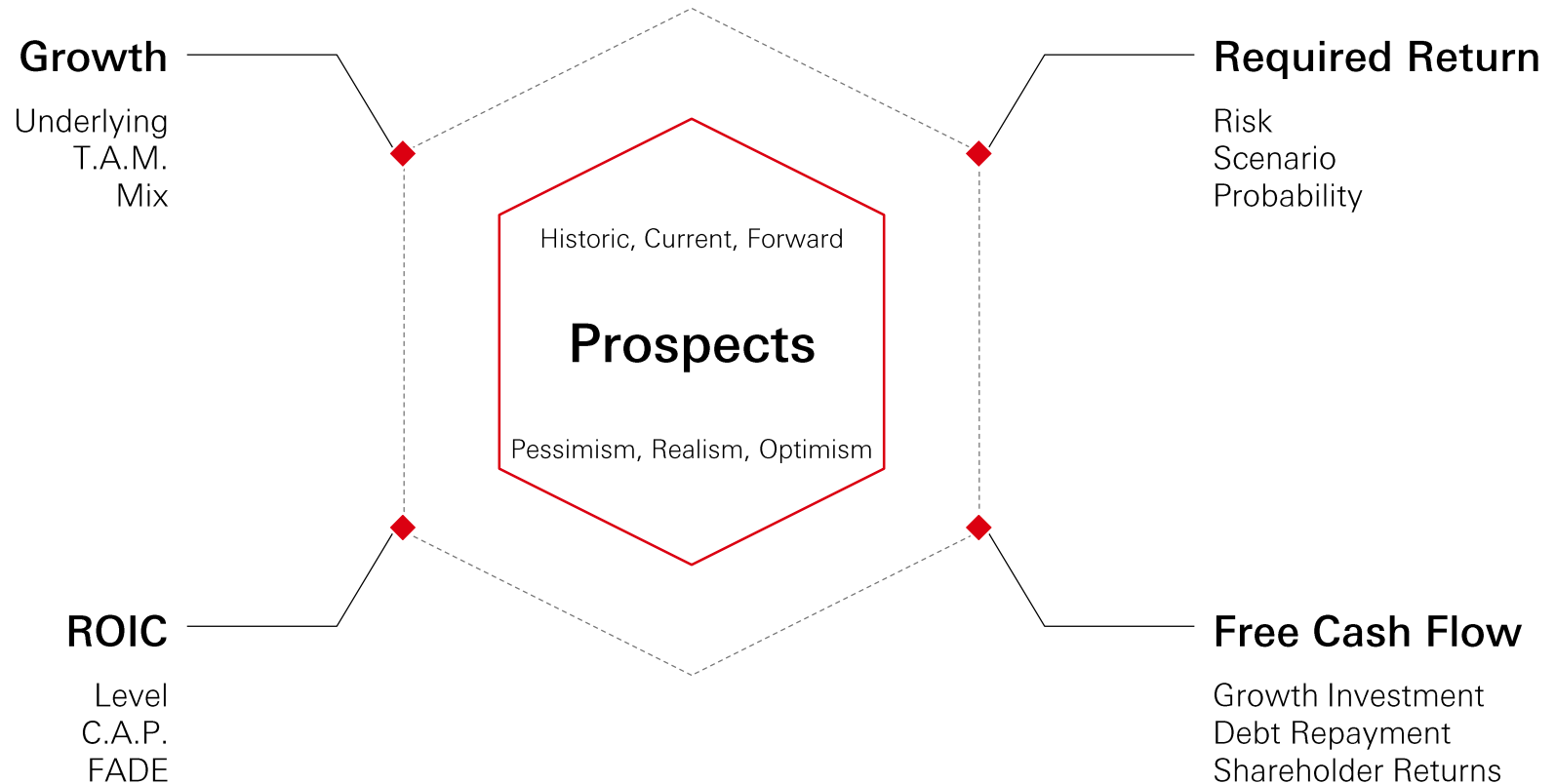
Assessing sustainability of ROIC



Source: HSBC Global Asset Management  
For illustrative purposes only.

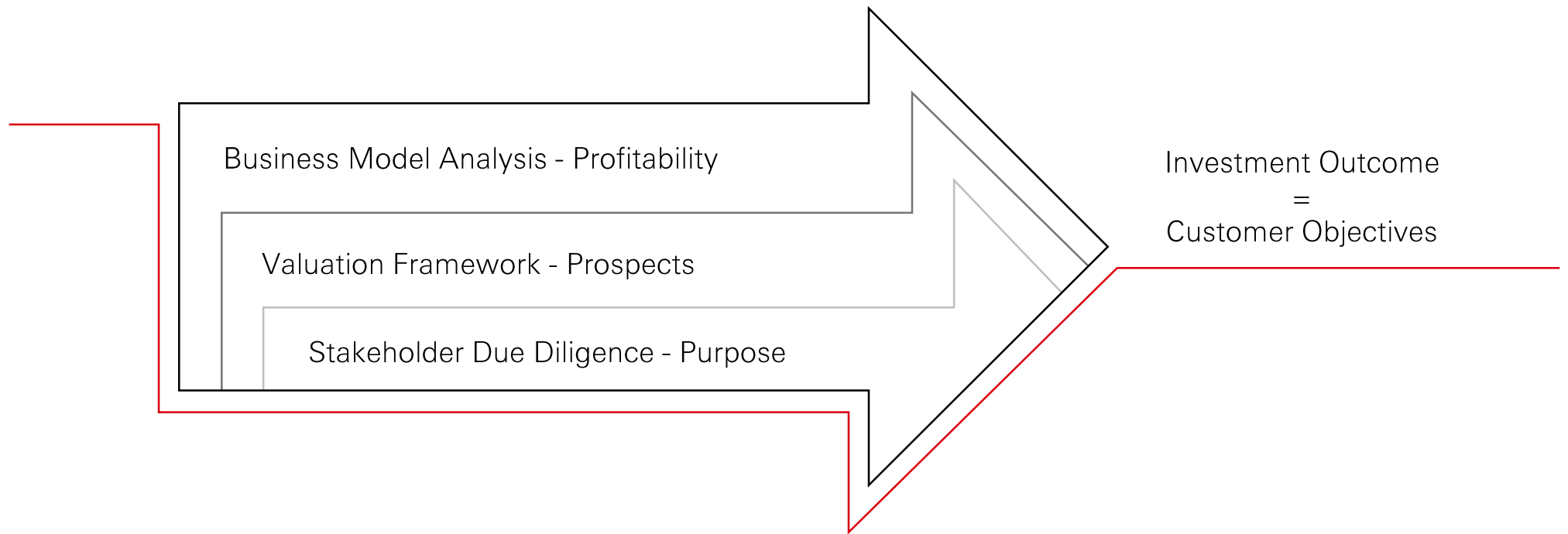
# Valuation framework

Understanding what the current price assumes



Source: HSBC Global Asset Management  
For illustrative purposes only.

**(Business model analysis + stakeholder due diligence)\*valuation = investment decision**



# Tools and research

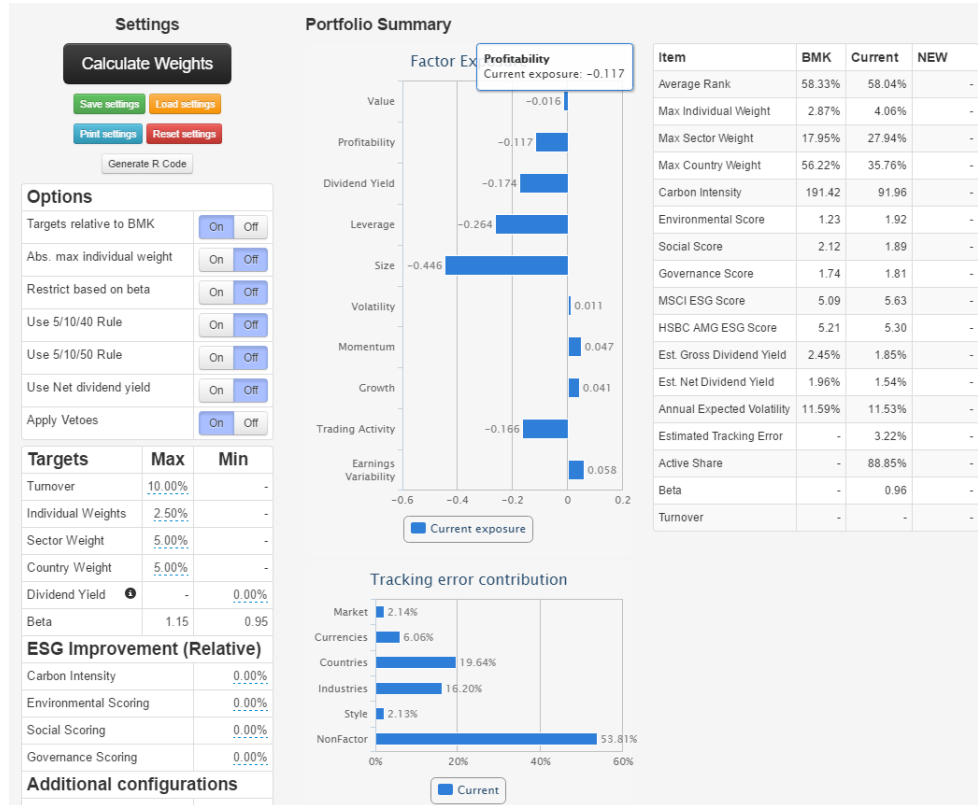


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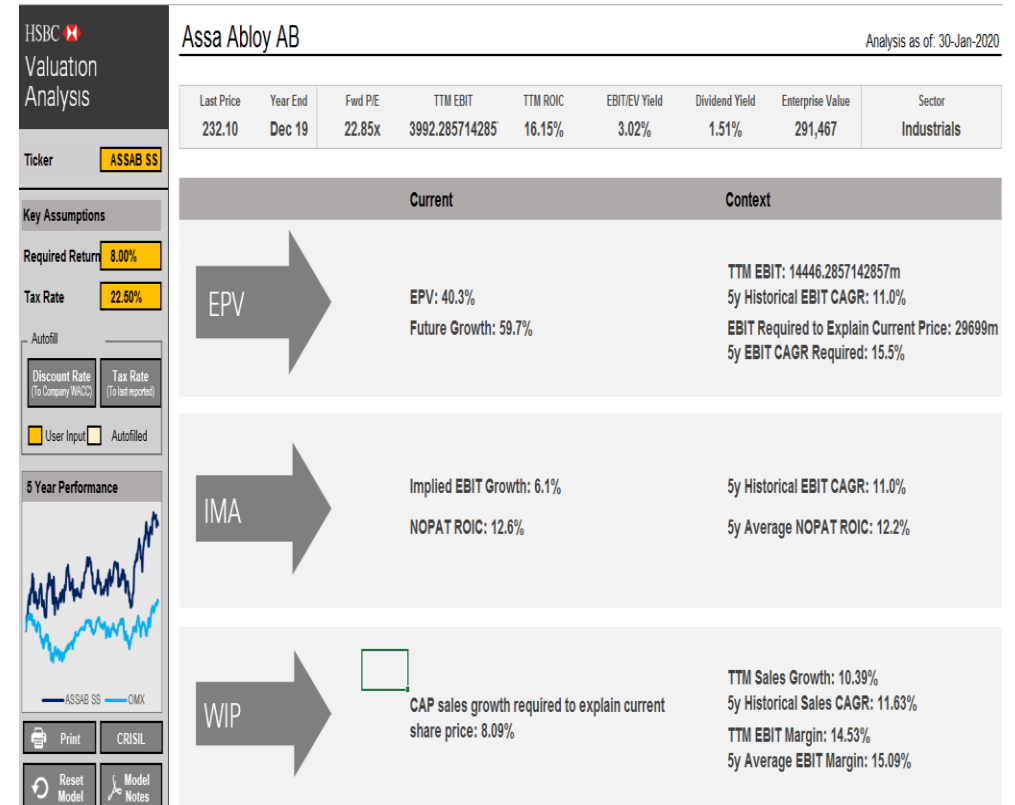
# Tools and research

A common set of tools and language of discussion enables investment discipline

## Portfolio construction summary: Visualiser



## Valuation analysis: HSBC Valuation Tool




- ◆ Aim to avoid unrewarded risk through factor-based risk modelling
- ◆ Proprietary desktop 'Visualiser' decision-support tool enables real-time monitoring of risks

Source: HSBC Global Asset Management  
For illustrative purposes only.

# Tools and research

A global research database enable sharing of company analysis

## Research analysis: Company Update

**HSBC**  **COMPANY UPDATE**

Global Asset Management

SAMSUNG ELECTRON Company Update by Derek Koon (005930 KS Equity) HOLD

%ile rank (HSBC)	8.6	Date	01/11/2019	Mkt Cap	260,356MLN USD
Team	Asia	Share Price	50,900.00 KRW	ADV	398,771,563 USD

**Company Overview:**  
 Samsung Electronics Co., Ltd. manufactures a wide range of consumer and industrial electronic equipment and products such as semiconductors, personal computers, peripherals, monitors, televisions, and home appliances including air conditioners and microwave ovens. The Company also produces Internet access network systems and telecommunications equipment including mobile phones.

**Ranking Data:**

Profitability	ROE	10.2	# estimates	31	Low	7	High	10	ROIC	16.53
Valuation	P/B	1.27	# estimates	29					EBIT/EV	14.06

**Reason for Update:**  
 Q3 result

**Valuation and Returns:**  
 ---

**Comment:**

**DRAM**  
 3Q19 Samsung B/G: + low 30 % QoQ, ASP: - high teen % QoQ  
 4Q19 Mkt B/G: + low single % QoQ, Samsung: in-line vs. market  
 2019 Mkt B/G: + mid teens % YoY, Samsung: higher vs. market

**NAND**  
 3Q19 Samsung B/G: +low teen % QoQ, ASP: - mid single % QoQ  
 4Q19 Mkt B/G: + low single digit % QoQ, Samsung: in-line vs. market  
 2019 Mkt B/G: + high 30 % YoY, Samsung: higher vs. market

- Q3 DRAM bit growth were up significantly higher than guidance due to strong demand from Chinese smartphone makers and resumption of purchase by data center customer. Admittedly, it could be restocking of inventory by the Chinese ahead of potential tariff/trade war escalation. Inventory came down significantly in Q4 and should back to normal 1H20
- NAND has clearly bottomed out with inventory back to normal. Strong seasonality from mobile applications along with content increase in new smartphones coming boosted shipments. Increased adoption of SSDs in PCs and by data-center customers also helped.
- smartphones increased QoQ on peak seasonality and Samsung's shipments grew thanks to success of Galaxy Note 10 and A series. Network business benefitted from widening 5G coverage in Korea. smartphone demand will increase as 5G commercialization accelerates. At the same time Samsung expects competition in this segment to increase
- Display profit improved QoQ thanks to increase in sale of small-sized OLED panels and higher OLED fab utilization (OLED mix within sales at mid-80%), despite weakness in large LCD displays due to continued price decline. In the mid/long term, orders for mobile OLED will expand as customers are looking to replace 4G smartphones with 5G models. Samsung plans to boost utilization and shipments by enhancing cost competitiveness and minimize seasonality by diversifying into new applications such as tablets/auto/foldable/etc.

**Investment View:**  
 Happy to continue to hold it. I am long term positive in DRAM demand given it is an oligopoly market. With strong 5G outlook memory demand for mobile is expected to remain solid. Major data-center customers are suggesting positive outlook for 2020 on inventory rebuilding and demand related to new server CPU launches. All dram players are behaving, with Samsung converting line 13 from DRAM to CMOS. Pyeongtaek 2 fab, likely is for DRAM, is planned to start operation in 2020 but the timing and size of mass production is yet to be decided. Likewise, Xian 2 NAND fab will be completed by end-2019 and start operation from 2020 but ramp up depends on market demand.

ESG:

## Integrated ESG analysis: ESG Checklist

**HSBC**  **ESG Checklist** *Extractive Industries*

**Material ESG risks and opportunities**

**E 1** **Waste and Water Management**

- Water intensity in mining process (particularly in ferro metals): cm<sup>3</sup>/ton of output. How does it compare with global best practice?
- Waste water recycling: what % age currently recycled? Investment plans?
- Management of mining waste (tailings dams, slurry pipes) and maintenance record. Environmental record? Mitigation techniques?

**2** **Product quality/purity:**

- In ferro metals: higher concentration does not require beneficial on which produces substantial quantities of potentially toxic waste/tailings. China has begun to tighten import regulations
- Coal mining: higher CV content, lower ash and sulphur is preferable as lower CO2 and particulate emissions. China has begun to tighten import regulations.

**S 3** **Mine safety/ fatality rate / labour relations**

**G 4** **Ethics/ Corruption / bribery**

- Anti-corruption efforts continue to be a high priority area mining. What anti-bribery and corruption policies are employed, how are they monitored and enforced?
- Alignment of minority and majority shareholders?

**5** **Alignment of minority and majority shareholders?**

INTERNAL/INTERNE

For illustrative purposes only and does not constitute any investment recommendation in the above mentioned companies. These examples are historic and contain information that is not current and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe to any investment.

Source: HSBC Global Asset Management

# Performance



**HSBC**  
Global Asset  
Management



# HSBC GIF Global Equity Climate Change

## Performance

### Supplemental information

USD return %	1M	3M	2019	2018	2017	1 year	3 year Annualised	5 year <sup>2</sup> Annualised	Since Inception <sup>3</sup> Annualised
HSBC GIF Global Equity Climate Change AC	-11.07	-17.89	29.77	-13.24	22.69	-5.84	1.97	2.33	-1.20
MSCI AC World Net	-13.50	-21.24	27.24	-10.01	23.97	-11.26	1.50	2.85	0.58
Difference <sup>1</sup>	2.43	3.36	2.53	-3.23	-1.28	5.42	0.47	-0.52	-1.77

Any performance information shown refers to the past and should not be seen as an indication of future returns.

Performance is net of fees.

1. Please note that rounding errors may occur.
2. Relaunch date: 29 September 2011.
3. Includes performance of fund prior to relaunch.

AC share class: Returns are reported in USD. All returns are net of fees, cumulative performance unless stated otherwise.

Data is supplemental to the GIPS® compliant presentation at the end of this material.

Source: HSBC Global Asset Management as at end of December 2019.

USD return %	31.03.2019 to 31.03.2020	31.03.2018 to 31.03.2019	31.03.2017 to 31.03.2018	31.03.2016 to 31.03.2017	31.03.2015 to 31.03.2016
HSBC GIF Global Equity Climate Change AC	-5.84	-0.71	13.41	11.64	-5.22
MSCI AC World Net	-11.26	2.60	14.85	15.04	-4.34
Difference	5.42	-3.31	-1.44	-3.40	-0.89

Any performance information shown refers to the past and should not be seen as an indication of future returns.

Performance is net of fees.

AC share class: Returns are reported in USD. Discrete performance figures are annualised.

Data is supplemental to the GIPS® compliant presentation at the end of this material.

Source: HSBC Global Asset Management as at end of March 2020.

# HSBC GIF Global Equity Climate Change

Stock attribution Q1 2020

Supplemental information

## Largest positive and negative relative contributors

Positive (%)	Portfolio Return	Relative Weight	Impact	Negative (%)	Portfolio Return	Relative Weight	Impact
ORSTED	-4.23	2.73	0.45	VORNADO REALTY	-45.28	1.92	-0.51
BALL CORP	-0.15	2.28	0.43	GERDAU	-60.97	0.93	-0.43
NESTE OYJ	-2.77	2.27	0.38	PLASTIC OMNIUM	-49.68	0.95	-0.31
TENCENT	2.04	1.69	0.36	FIRST SOLAR	-35.80	1.74	-0.27
IBERDROLA	-2.69	2.15	0.36	PRYSMIAN	-33.62	1.75	-0.22

**Any performance information shown refers to the past and should not be seen as an indication of future returns.**

**Performance is gross of fees and would be lowered after deduction of management and administrative fees.**

Source: HSBC Global Asset Management as at end of March 2020.

Fund returns in USD, and calculated using close of market prices in all markets. \*Indicates security is not held in the fund, as such benchmark returns have been used.

Benchmark is the MSCI AC World Index. This benchmark is indicative only and is not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet this benchmark.

The information provided is for informational purposes only and should not be construed as a recommendation or solicitation for any security referenced.

Data is supplemental to the GIPS® compliant presentation at the end of this material.

# HSBC GIF Global Equity Climate Change

Sector attribution Q1 2020

Supplemental information

USD return (%)	Portfolio Return	Relative Weight	Allocation	Selection	Impact
Financials	-23.5	-10.2	1.01	0.5	1.62
Energy	-2.8	-2.3	0.52	1.01	1.59
Industrials	-17.7	12.2	-0.71	2.02	1.35
Utilities	-0.2	2.6	0.16	0.79	0.95
Consumer Discretionary	-21.7	-3.2	0.02	-0.04	-0.03
Materials	-24.4	6.4	-0.25	0.32	-0.08
Communication Services	-14.2	-3.8	-0.18	0.12	-0.09
Real Estate	-27.0	1.1	0.01	-0.18	-0.17
Information Technology	-17.6	9.8	0.69	-1.11	-0.32
Consumer Staples	-14.0	-7.0	-0.56	0.01	-0.51
Health Care	-21.8	-7.2	-0.66	-0.51	-1.22
Cash		1.6			0.44
<b>Total</b>	<b>17.8</b>		<b>0.47</b>	<b>2.95</b>	<b>3.55</b>

**Any performance information shown refers to the past and should not be seen as an indication of future returns.**

**Performance is gross of fees and would be lowered after deduction of management and administrative fees.**

Source: HSBC Global Asset Management as at end of March 2020.

Relative weight is the average weight over the period.

Returns in USD, and calculated using close of market prices in all markets.

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Data is supplemental to the GIPS® compliant presentation at the end of this material.

# GIPS



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Management

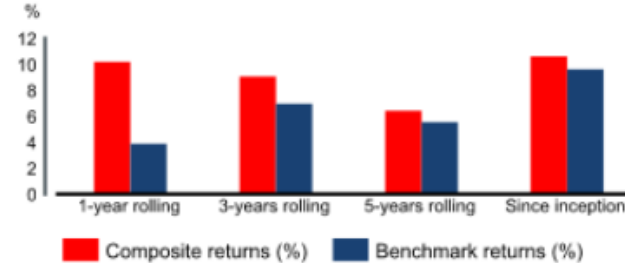
# Climate Change

## GIPS® Report

Report to 29 February 2020

Benchmark name:	MSCI AC World (Net)
Inception date:	30 September 2011
Reporting currency:	USD
Return type:	Gross

### Annualised returns



### Annual and partial periods



Period	Composite returns (%)	Benchmark returns (%)
1-year rolling	10.20	3.89
3-years rolling	9.06	6.96
5-years rolling	8.42	5.55
Since inception	10.61	9.62

Year	Returns		Accounts and dispersion			Risk, 3-year standard deviation		AUM		
	Composite returns (%)	Benchmark returns (%)	Accounts at end	90th percentile returns	10th percentile returns	Composite volatility	Benchmark volatility	Composite at end (m)	% firm assets	Total firm at end (m)
Dec-19 to Feb-20	(6.82)	(9.09)	≤5	(6.82)	(6.82)	12.65	12.29	28.25		
2019	31.17	26.60	≤5	31.17	31.17	12.00	11.22	27.35	0.01	327,557.58
2018	(10.85)	(9.41)	≤5	(10.85)	(10.85)	10.60	10.48	15.60	0.01	253,946.01
2017	24.82	23.97	≤5	24.82	24.82	10.47	10.36	17.37	0.01	275,420.02
2016	6.16	7.86	≤5	6.16	6.16	11.41	11.06	14.51	0.01	227,899.34
2015	(1.88)	(2.36)	≤5	(1.88)	(1.88)	11.27	10.79	18.23	0.01	223,598.72
2014	0.31	4.16	≤5	0.31	0.31	10.94	10.50	23.75	0.01	223,588.34
2013	24.74	22.80	≤5	24.74	24.74			28.36	0.01	218,656.53
2012	21.48	16.13	≤5	21.48	21.48			26.95	0.01	201,665.00
Sep-11 to Dec-11	8.47	7.18	≤5	8.47	8.47			27.54	0.01	183,858.00

Any performance information shown refers to the past and should not be seen as an indication of future returns. Performance is gross of fees and would be lowered after deduction of management and administrative fees.

# Climate Change

## Disclosures

HSBC Global Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods 1 January 2006 through 31 December 2017. The resultant verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The composite creation date is 30/09/2011

A complete list and description of all Firm composites, as well as additional information regarding policies for calculating and reporting returns, is available on request from the contact shown on the document or presentation to which this report is attached.

Prior to 2011, HSBC Global Asset Management maintained eight distinct GIPS Firms. The Firms were defined by legal business entity. All existing group Firms were thereafter amalgamated into a single global Firm definition. Historical performance shown prior to January 1, 2006 reflects the performance of a legacy Firm GIPS composite.

HSBC Global Asset Management (the Firm) consists of discretionary accounts and sub-accounts managed as discrete mandates within specified local HSBC Global Asset Management entities. The Firm comprises the following: HSBC Global Asset Management (Deutschland) GmbH, HSBC Global Asset Management (Hong Kong) Limited, HSBC Global Asset Management (USA) Inc., HSBC Global Asset Management (France), HSBC Global Asset Management (Canada) Limited, and HSBC Global Asset Management (UK) Limited, inclusive of authorised mutual funds and mandates investing primarily in Asset Backed Securities (ABS) managed in these locations. The Firm excludes portfolios and funds managed by the Alternative Investments and ABS teams (with the exception of ABS funds referenced herein), LDI products, French regulated employee (FCPE) schemes, and private client accounts as these products operate under a materially different philosophy and process and/or regulatory environment.

The Climate Change composite contains all discretionary Climate Change equity accounts with mandates currently using a broad market World equity Index as a benchmark.

Performance returns are calculated gross of investment management fees and other non-trading related expenses.

The performance presented in this composite report is calculated net of unreclaimable withholding taxes.

Warnings: The historical performance presented in these reports should not be seen as an indication of future performance; The value of your investment and any income from it can go down as well as up. Where overseas securities are held the rate of exchange may cause the value of the investment to go down as well as up. Investors should also be aware that other performance calculation methods may produce different results, and that the results for specific portfolios and for different periods may vary from the returns presented in these reports; Comparisons of investment returns should consider qualitative circumstances and should be made only to portfolios with generally similar investment objectives. In the USA, this information is intended for use solely in one-on-one presentations.

The standard annual investment management fee schedule for separately managed institutional accounts is as follows: 0.50% of assets per annum for the first \$50 million, 0.40% for \$50 - \$100 million, 0.30% for \$100 - \$200 million, and 0.25% for the balance over \$200 million. Minimum AUM of \$50 million.

The dispersion of the returns are measured by the spread of gross returns from individual portfolios within a composite. The dispersion of returns are measured by the percentiles of gross portfolio returns represented within the composite.

The GIPS Total Firm AUM is calculated and shown on a quarterly basis.

Incorrect Firm AUM values were previously published during 2018 and Q1 2019, due to inaccurate account reference data. The Firm AUM has been restated as follows: from USD 305,390.17mn to USD 275,420.02mn at end 2017, and from USD 287,571.50mn to USD 254,480.05mn at end 2018.

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