



HSBC GIF Asia ex Japan Equity

Fund Overview

January 2021

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Why consider the HSBC GIF Asia ex Japan Equity?

Who should consider this fund?

- Investors who have a long-term investment horizon and medium to high tolerance for risk in their returns and seek to achieve long-term capital growth in the Asia ex Japan region through an actively managed equity investment vehicle

Why choose this fund?

- **Competitive track record** – The fund has delivered solid outperformance versus benchmark since Sanjiv Duggal's appointment as lead fund manager in August 2013. Peer rankings are also competitive with the fund achieving first and second quartile ranking over different time periods⁽¹⁾
- **Differentiated from peers** – The fund is style-blended (growth and value), contrarian and diversified, all the while accounting for ESG considerations. The 'all-weather' style helps it stand out from peer funds crowded in the 'expensive quality' basket
- **Attractive combination of profitability and valuation** – The fund concentrates overweight positions in profitable companies at below-average valuations and aims to enhance returns over the long run
- **HSBC's reputation and brand equity opens doors** – The fund is benefitting from goodwill and strong relationships that come with being a part of the HSBC Group, and our strong insight into client needs through on-the-ground presence

Why consider investing in Asia ex Japan equities?

- **Favorable backdrop for Asia Pacific ex Japan equities** – Asia has been growing at a faster pace than its developed market peers, enabling companies to ride on that growth to generate greater cash flow and earnings. Rising consumption, comprehensive reform agenda and supportive policy are all tailwinds for earnings in Asia
- **Solid fundamentals** – Fundamentals of Asia ex Japan equities are solid – with healthy growth in earnings across Asian markets, and trading at a discount to history on a P/B basis
- **Resilience** – Asia (ex Japan) equities experienced the smallest decline from the market crash in March 2020 among the major markets; they also outpaced equities of other markets in the subsequent rebound, as of 31 December 2020

Fund Manager



Sanjiv Duggal

Head of Asian and Indian Equities

- Joined HSBC in 1996, previously with Hill Samuel Group
- 29 years industry experience

Overview

- The experienced investment team draws on local market resources knowledge and insights
- The fund aims to capture growth opportunities in Asia ex Japan equities by investing within a rigorously applied risk management framework
- The fund has delivered consistent outperformance relative to its peers over different time periods⁽¹⁾. The fund is style-blended (growth and value), contrarian and diversified
- A disciplined and repeatable investment process is designed to drive long-term alpha by focusing on bottom-up stock selection
- HSBC Global Asset Management has a recognized expertise in emerging markets with highly rated local, regional and global products

Past performance is not indicative of future performance. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC accepts no liability for any failure to meet such forecasts, projections or targets. For illustrative purposes only.

(1) Source: HSBC Global Asset Management, Morningstar, data as of 31 December 2020. Morningstar quartile ranking is based on Morningstar Offshore Territories universe, expressed in USD. The peer group used for comparison is Asia ex-Japan Equity

Investment process and team

Our investment process is clear, disciplined and repeatable. It focuses our resources on generating alpha through bottom-up stock selection, the area where we believe we have the greatest expertise and ability to deliver outperformance. Investment governance is a disciplined and transparent application of this process. Risk management is based on a fine-tuned, rigorous and independent approach, focused on keeping the portfolio exposure within an acceptable level of risk.

The fund is managed by a dedicated and experienced regional equity team of 15 portfolio managers and research analysts with 18 years of average experience, based in Hong Kong. Sanjiv Duggal, Head of Asian and Indian Equities, is the lead manager of this fund. The team is also supported by over 70 analysts and portfolio managers in Asia across four locations and BRIC/GEM team in London, a team of eight. The equity team located across Asia Pacific manages strategies with assets of around USD20bn.⁽²⁾

HSBC credentials

HSBC Global Asset Management is HSBC's dedicated investment business. It is a multi-specialist asset management firm offering broad, highly diverse strategies and manages USD571.5 billion in assets for institutional and individual investors around the world⁽²⁾. Along with a strong global presence as well as extensive local knowledge and expertise, HSBC Global Asset Management is a leader in emerging markets asset management.

What are some of the risks⁽³⁾ when investing in this fund?

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- ▶ **Exchange rate risk:** Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations
- ▶ **Emerging market risk:** Emerging economies typically exhibit higher levels of investment risk. Markets are not always well regulated or efficient and investments can be affected by reduced liquidity
- ▶ **Derivative risk:** The value of derivative contracts is dependent upon the performance of an underlying asset. A small movement in the value of the underlying can cause a large movement in the value of the derivative. Unlike exchange traded derivatives, over-the-counter (OTC) derivatives have credit risk associated with the counterparty or institution facilitating the trade
- ▶ **Operational risk:** The main risks are related to systems and process failures. Investment processes are overseen by independent risk functions which are subject to independent audit and supervised by regulators

Further information can be found in the prospectus and Key Investor Information Document (KIID). Important information

For professional investors and intermediaries only. This document should not be distributed to or relied upon by retail clients/investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Past performance contained in this document is not a reliable indicator of future performance whilst any forecasts, projections and simulations contained herein should not be relied upon as an indication of future results.

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Fund details (as of end-December 2020)

Fund manager	Sanjiv Duggal, Stanley Chen
Fund size	USD763.6 million
Fund domicile	Luxembourg
Benchmark	MSCI AC Asia ex Japan Net ⁽⁴⁾
Inception date	1 April 1993
Management company	HSBC Investment Funds (Luxembourg) S.A.
Investment advisor	HSBC Global Asset Management (Hong Kong) Limited
Management fee	Class AD: 1.5% per annum
Base currency	USD

(2) Source: HSBC Global Asset Management, data as of 30 September 2020

(3) For more detailed information on the risks associated with this fund, investors should refer to the offering document of the fund

(4) Reference performance benchmark: MSCI AC Asia ex Japan Net since 1 Nov 2008. From 31 Dec 2000 – 31 Oct 2008 was MSCI AC Far East Free ex Japan Net. Prior to that was MSCI AC Far East Free ex Japan Gross. Benchmark is indicative only and is not guaranteed in any way