

# HSBC Global Investment Funds - Brazil Equity

Share Class AD

30 Nov 2018

## Fund Objective and Strategy

### Investment Objective

The Fund seeks long-term total return (meaning capital growth and income) by investing primarily in a well-diversified portfolio of shares (or securities that are similar to shares). The companies issuing these shares have a registered office and official stock-market listing in Brazil, or carry out most of their business there.

### Investment Strategy

There aren't restrictions on the market values of the companies held in the fund. The Fund can also invest up to 10% of its assets in Real Estate Investment Trusts, up to 10% of its assets in collective investment schemes and 10% in a combination of convertible bonds and participation notes. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>	Since Inception <sup>1</sup>
AD USD	0.06	-0.14	25.34	4.45	20.24	-4.72	4.09
AD USD (Net) <sup>2</sup>	-5.19	-5.39	18.76	-1.03	18.10	-5.75	3.69
Reference Benchmark USD	-0.25	-1.59	23.43	4.41	24.42	0.51	8.54

Calendar Year Performance (%)	2013	2014	2015	2016	2017
AD USD	-19.27	-19.87	-45.82	57.18	19.20
AD USD (Net) <sup>2</sup>	-23.51	-24.08	-48.66	48.93	12.94
Reference Benchmark USD	-14.48	-12.04	-40.05	65.23	23.06

3-Year Risk Measures	AD	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	33.9%	34.0%	Number of Holdings	30	55
Tracking Error	3.9%	-	ex Cash		
Information Ratio	-1.07	-	Avg Market Cap (USD mil)	21,943	25,554
Beta	0.99	-			

Share Class Details	
UCITS V Compliant	Yes
Subscription Mode	Cash / SRS (Supplementary Retirement Scheme)
Distribution Type	Distributing
Distribution Frequency	Annually
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 1,000
Annual Management Fee	1.75%
Max. Initial Charge	5.00%
Base Currency	USD
Domicile	Luxembourg
ISIN	LU0196696701
Inception Date	22 Dec 2004
NAV per Share	USD 19.46
Fund Size	USD 356,825,487
Bloomberg Ticker	HSBBRAD LX
Reference Benchmark	MSCI Brazil 10/40 Net
Manager	Victor Benavides Lee Ray

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested.**

Source: HSBC Global Asset Management, data as at 30 November 2018

<sup>1</sup>Result is annualised when calculation period is over one year.

<sup>2</sup>Net of relevant prevailing sales charge

## Risk Disclosure

**General Risk:** The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.

**Market Risk:** 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.

**Emerging Markets Risk:** 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.

**Derivatives Risk:** Derivatives may be used by the Fund, and these can behave unexpectedly.

**Hedging Risk:** 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 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..

**Documentation Statement:** Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.

The reference benchmark was applied to the fund with effect from 30 June 2016 to align with global disclosures and is applied to the performance data provided above across all periods

## Monthly Performance Commentary

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### Market Overview

Brazil equities traded lower in November, outperforming LatAm and underperforming Emerging Market equities, after a stellar performance in October when Brazil was the best performing market in the world. In November, Financial, Healthcare and Utilities were the best performing sectors, whilst IT, Energy and Materials lagged the market.

On the macro front, GDP for Q3 accelerated, suggesting that the economy continues to recover at a gradual pace. Data for September presented mixed signals mostly due to the volatility the month presented as the elections were approaching. Economic activity index remained stable. However, industrial production reading dropped by more than expected, and retail and services posted negative numbers. Unemployment rate came out in line with consensus and is still not encouraging. However, consumer sentiment from November indicated a lot of optimism as retail confidence improved significantly.

On the political front, the most important appointer is Paulo Guedes, who will command an enlarged Finance Ministry (to be renamed Economy Ministry). Under him, there will be six high-profile secretaries each responsible for a different area.

### Fund Review

The fund outperformed its benchmark during the month on the back of positive stock selection.

Our stock selection in Industrials, Utilities and Financials was positive. Particular stock highlights were our holdings in Cia Paranaense de Energia (Copel) and CCR. Shares in Copel rallied as the company reported better than expected Q3 revenues and left the door open to divest non-core assets. CCR shares traded higher during the month and the company announced a leniency agreement with Sao Paulo state prosecutors which would be a big step toward leaving the corruption story behind.

Offsetting some of those gains were our holdings in Materials with names such as Usinas Siderurgicas de Minas (Usiminas) and Vale.

Materials was again the worst performing sector during the month as fears of an escalation in tariffs weighed on the sector, and within it our holdings were no exceptions.

During the month, we added a position in BR Malls whilst exiting our position in BRF and Banco Estado Rio Grande.

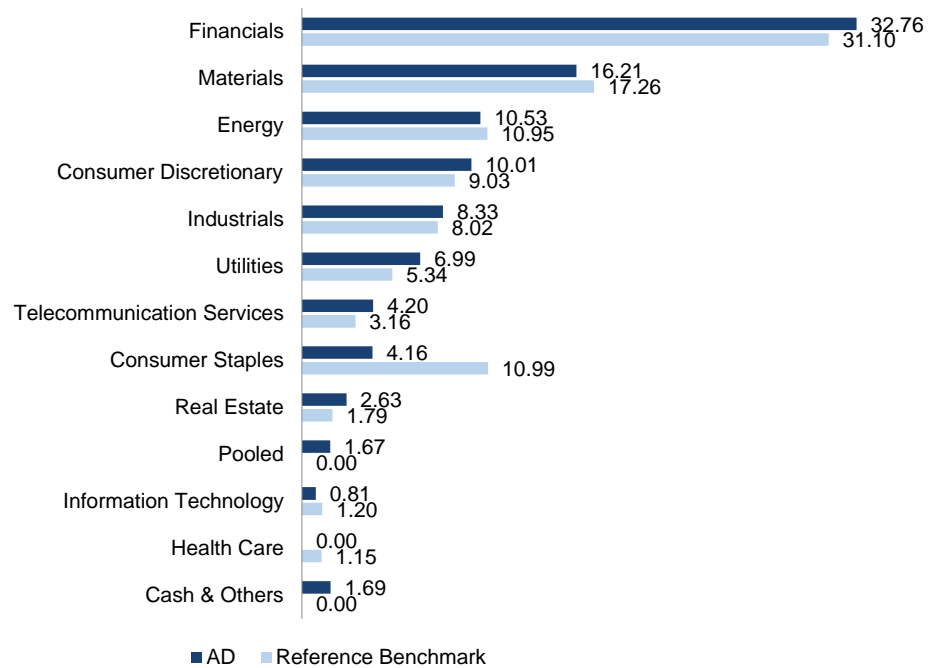
### Outlook

The re-rating of the Brazil equity market has been supported by 'micro' and 'macro' reforms and economic improvements after the worst recession in decades. Brazil exited recession in 2017 and has continued its recovery in 2018. Importantly, these positive developments have been feeding through to corporate earnings. MSCI Brazil earnings are still well below 2011's peak, and we believe profitability can continue to improve from a depressed level- though at a slower pace than initially expected, on the back of the cyclical recovery, magnified by operating leverage and lower funding costs.

A robust structural reform agenda, with effective policy-making and implementation, are critical in resolving economic imbalances. Reforms to address the fiscal deficit and state debt are underway. Though there has been uncertainty over the more ambitious pension reform programme, this should eventually resume now that the elections are behind and given recent comments from Bolsonaro and his future Finance minister.

In the short-term, markets may continue to experience some volatility given global conditions (USD strengthening, commodity prices, US-Sino trade tensions, China growth concerns) and volatility related to reform agenda. As active managers, we see volatility as an opportunity to add certain names which we find appealing. Your portfolio aims to invest in companies with an attractive combination of profitability and valuation. We believe this disciplined approach should help investors to navigate short-term uncertainties.

## Sector Allocation (%)



Top 10 Holdings (%)	Location	Sector	Weight (%)
Banco Bradesco SA	Brazil	Financials	9.83
Vale SA	Brazil	Materials	8.93
Petroleo Brasileiro SA	Brazil	Energy	7.89
Itausa - Investimentos Itau SA	Brazil	Financials	7.12
B3 SA - Brasil Bolsa Balcao	Brazil	Financials	4.81
Telefonica Brasil SA	Brazil	Telecommunication Services	4.20
Suzano Papel e Celulose SA	Brazil	Materials	4.06
CCR SA	Brazil	Industrials	4.06
BB Seguridade Participacoes SA	Brazil	Financials	4.04
Itau Unibanco Holding SA	Brazil	Financials	3.85

Source: HSBC Global Asset Management, data as at 30 November 2018

## Index Disclaimer

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Should there be any discrepancy, the English version shall prevail. This document has not been reviewed by the Monetary Authority of Singapore.

# HSBC Global Investment Funds - Brazil Equity

Supplement Information Sheet

30 Nov 2018

Performance (%)	Return Currency	YTD	1M	3M	6M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>	Since Inception <sup>1</sup>
AC EUR	EUR	6.11	-0.07	28.80	17.47	9.98	17.49	-1.14	5.96
AC EUR (Net) <sup>2</sup>	EUR	0.54	-5.32	22.03	11.30	4.20	15.40	-2.20	5.56
AC SGD	SGD	2.72	-1.07	25.52	16.89	6.37	19.19	-2.99	3.89
AC SGD (Net) <sup>2</sup>	SGD	-2.68	-6.26	18.93	10.75	0.79	17.06	-4.03	3.49
AC USD	USD	0.05	-0.14	25.34	13.94	4.43	20.25	-4.72	5.48
AC USD (Net) <sup>2</sup>	USD	-5.20	-5.39	18.76	7.96	-1.05	18.11	-5.74	5.08
AD EUR	EUR	6.12	-0.07	28.80	17.49	9.99	17.49	-1.14	5.34
AD EUR (Net) <sup>2</sup>	EUR	0.55	-5.32	22.04	11.32	4.22	15.39	-2.20	4.94
AD SGD	SGD	2.73	-1.07	25.52	16.90	6.39	19.18	-2.99	2.76
AD SGD (Net) <sup>2</sup>	SGD	-2.66	-6.26	18.93	10.77	0.80	17.06	-4.03	2.37
AD USD	USD	0.06	-0.14	25.34	13.96	4.45	20.24	-4.72	4.09
AD USD (Net) <sup>2</sup>	USD	-5.19	-5.39	18.76	7.98	-1.03	18.10	-5.75	3.69

Calendar Year Performance (%)	Return Currency	2013	2014	2015	2016	2017
AC EUR	EUR	-22.76	-8.75	-39.64	61.92	4.70
AC EUR (Net) <sup>2</sup>	EUR	-26.81	-13.55	-42.81	53.42	-0.80
AC SGD	SGD	-16.56	-15.90	-41.99	60.10	10.26
AC SGD (Net) <sup>2</sup>	SGD	-20.94	-20.32	-45.04	51.70	4.47
AC USD	USD	-19.27	-19.87	-45.82	57.22	19.19
AC USD (Net) <sup>2</sup>	USD	-23.51	-24.08	-48.66	48.96	12.94
AD EUR	EUR	-22.76	-8.75	-39.65	61.88	4.70
AD EUR (Net) <sup>2</sup>	EUR	-26.81	-13.54	-42.82	53.38	-0.80
AD SGD	SGD	-16.56	-15.90	-41.99	60.07	10.26
AD SGD (Net) <sup>2</sup>	SGD	-20.94	-20.32	-45.04	51.66	4.47
AD USD	USD	-19.27	-19.87	-45.82	57.18	19.20
AD USD (Net) <sup>2</sup>	USD	-23.51	-24.08	-48.66	48.93	12.94

<sup>1</sup> Result is annualised when calculation period is over one year.

<sup>2</sup> Net of relevant prevailing sales charge

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested.**

Share Class	Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield
AD	USD	Annually	11 Jul 2018	0.260820	1.58%
AC	USD	-	-	-	-

The above table cites the last dividend paid within the last 12 months only.

Dividend is not guaranteed and may be paid out of distributable income, capital or both, which could result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past payout yields and payments do not represent future payout yields and payments. The calculation method of annualised yield: (dividend value / NAV per share or unit as of ex-dividend date) x n, depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12. The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Global Asset Management (Singapore) Limited website.

Share Class	Inception Date	ISIN	Base Currency	Min. Initial Investment	NAV per Share	Annual Management Fee	Distribution Type
AD	22 Dec 2004	LU0196696701	USD	USD 1,000	19.46	1.75%	Distributing
AC	06 Sep 2004	LU0196696453	USD	USD 1,000	21.39	1.75%	Accumulating

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

Source: HSBC Global Asset Management, data as at 30 November 2018