

# HSBC Investment Funds - UK Growth & Income Fund

Share Class CC

31 Jul 2019

## Fund Objective and Strategy

The Fund aims to provide long term capital and income growth by investing predominantly in the UK. The Fund will invest predominantly in UK equities, fixed interest and other securities.

Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>
CC	15.32	2.39	2.45	0.66	5.53	5.00
Reference Benchmark	15.23	2.00	2.57	1.27	8.30	6.80

Rolling Performance (%)	31 Jul 2018-31 Jul 2019	31 Jul 2017-31 Jul 2018	31 Jul 2016-31 Jul 2017	31 Jul 2015-31 Jul 2016	31 Jul 2014-31 Jul 2015
CC	0.66	5.04	11.16	-0.44	9.06
Reference Benchmark	1.27	9.15	14.90	3.82	5.38

3-Year Risk Measures	CC	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	9.14%	9.48%	Number of Holdings	44	638
Information Ratio	-0.81	-	ex Cash		
Beta	0.90	-	Avg Market Cap (GBP mil)	60,163	45,924

Share Class Details	
UCITS V Compliant	Yes
ISA Eligible	Yes
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	12:00 United Kingdom
Min. Initial Investment	GBP 1,000,000
Ongoing Charge Figure <sup>2</sup>	0.910%
Base Currency	GBP
Domicile	United Kingdom
ISIN	GB00B715G377
Inception Date	03 Dec 2012
NAV per Share	GBP 1.47
Fund Size	GBP 962,224,533
Bloomberg Ticker	HSUGICA LN
SEDOL	B715G37
Reference Benchmark	FTSE All Share Index
Manager	Oliver Nils Gottlieb Tobyn Dickinson

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

Source: HSBC Global Asset Management, data as at 31 July 2019

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

<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.

## Risk Disclosure

- 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.
- Changes in currency exchange rates will cause the value of investments to fluctuate.

## Monthly Performance Commentary

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### Market Overview

The UK equity market continued its positive momentum seen in June as signs of softening Sino-US trade tensions and a weaker sterling buoyed the many international earners in the index.

The month saw the Bank of England switch to an easing bias, reflecting increased downside risks from global conditions and Brexit.

### Fund Review

Contributors to relative performance included Ferguson, which advanced on news that the company was to initiate a share buy-back program of over \$400m. Additionally, Rentokil Initial gained on the back of first half results, which showed solid organic growth, and on news that the company will sell its stake in a joint venture with Haniel, allowing it to reduce debt levels and support its M&A program.

Detractors included Sage Group, which fell after reporting weaker-than-expected earnings, which were impacted by a decline in Software and Software-Related Services (SSRS) revenues given the migration to subscription and underperformance in their enterprise management solution. Furthermore, London Stock Exchange, a company not held in the portfolio, advanced on news it was to buy financial data firm, Refinitiv.

During the period, positions were initiated in Bunzl and FDM Group, whilst Ascential, BT and Smiths Group were sold.

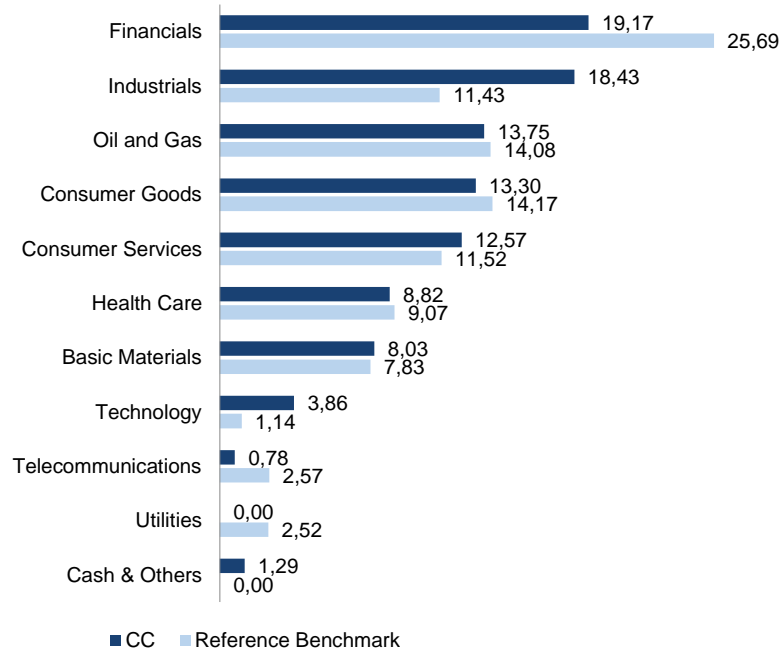
### Outlook

The key drivers of the UK equity market are typically valuation and the outlook for the global and UK economies. Although the UK equity risk premium is relatively high in a global context, its valuation is close to long-term averages on many measures. It is therefore likely the macro outlook will be the main driver of market performance from here. Whilst we have seen a softening of some global macro data recently, the US economy, the main driver of the global economy, remains robust. This, coupled with a Fed that has recently turned more dovish, presents a favourable backdrop for global equity markets.

On the UK economy, the outlook will likely be heavily influenced by Brexit, with a "soft Brexit" likely perceived as positive and a "hard Brexit" negative, at least in the short term. However, as over two-thirds of the FTSE All-Share's revenue comes from overseas, moves in sterling are often the main driver of UK equity market performance. In a soft Brexit scenario sterling would likely rally which would reduce the value of internationally generated earnings when translated back to sterling. This would weigh on overall UK equity market performance. Conversely, in a hard Brexit sterling would likely fall which would increase the value of internationally generated earnings, and hence be positive for UK equities.

Your portfolio aims to deliver diversified exposure to UK equities, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. We believe this disciplined approach should help investors navigate short-term uncertainties.

## Sector Allocation (%)



Top 10 Holdings (%)	Sector	Weight (%)
BP PLC	Oil and Gas	6.95
Royal Dutch Shell PLC	Oil and Gas	6.79
GlaxoSmithKline PLC	Health Care	5.74
Unilever PLC	Consumer Goods	4.86
Hsbc Holdings Plc	Financials	4.42
Prudential PLC	Financials	4.41
British American Tobacco PLC	Consumer Goods	4.12
BHP Billiton PLC	Basic Materials	4.03
Ferguson PLC	Industrials	3.24
AstraZeneca PLC	Health Care	3.08

Source: HSBC Global Asset Management, data as at 31 July 2019

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Further Information can be found in the prospectus.

## **Contact Information**

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