

## HSBC OpenFunds

# Global Strategy Sustainable Dynamic Portfolio

Monthly report 31 May 2024 | Share class Acc C



## Investment objective

The Fund aims to provide growth in line with its risk profile in the long term, which is a period of five years or more. The Fund's risk profile is rated as 4 where 1 is a lower level of risk and 5 is a higher level of risk. The Fund aims to invest in assets that form part of a sustainable investment strategy but may also invest in assets that do not form part of a sustainable investment strategy in order to meet the Fund's aim of providing growth in line with its risk profile. Please see the Prospectus for an explanation of the HSBC risk levels and sustainable investment strategies.



## Investment strategy

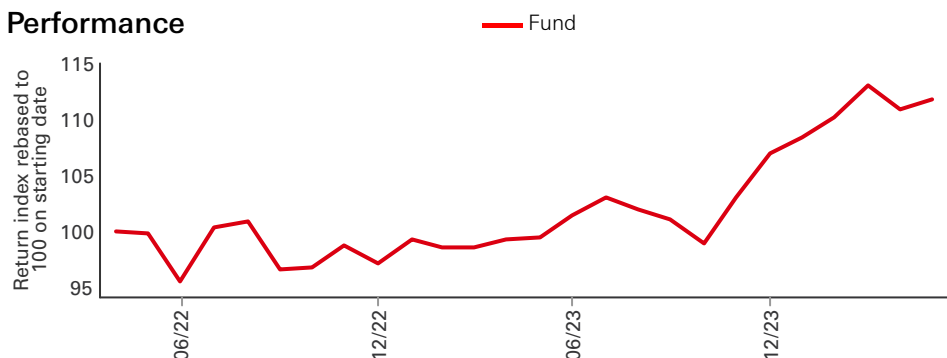
This is one of a range of actively managed Global Strategy Sustainable Portfolios offered at different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund. The exposure to each asset class may be achieved by investing in collective investment schemes, investing directly in asset classes and investing in derivatives. The potential for the Fund to invest in assets that form part of a sustainable investment strategy, together with a focus on lower ongoing charges, is taken into consideration when deciding which asset classes the Fund will invest in and how the Fund achieves exposure to those asset classes. The Fund is not managed with reference to a benchmark.



## Main risks

- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- Investing in other funds involves certain risks an investor would not face if investing in markets directly. Governance of underlying assets can be the responsibility of third-party managers.
- 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.

## Performance



## Share class details

### Key metrics

|                     |                 |
|---------------------|-----------------|
| NAV per share       | <b>GBP 1.12</b> |
| Performance 1 month | <b>0.77%</b>    |

### Fund facts

|                                 |                             |
|---------------------------------|-----------------------------|
| UCITS V compliant               | <b>No</b>                   |
| UK reporting fund status (UKRS) | <b>No</b>                   |
| ISA eligible                    | <b>Yes</b>                  |
| Dividend treatment              | <b>Accumulating</b>         |
| Dealing frequency               | <b>Daily</b>                |
| Valuation time                  | <b>12:00 United Kingdom</b> |

|                           |                            |
|---------------------------|----------------------------|
| Share class base currency | <b>GBP</b>                 |
| Domicile                  | <b>United Kingdom</b>      |
| Inception date            | <b>25 April 2022</b>       |
| Fund size                 | <b>GBP 17,346,827</b>      |
| Managers                  | <b>Nicholas McLoughlin</b> |

### Fees and expenses

|                                         |                      |
|-----------------------------------------|----------------------|
| Minimum initial investment <sup>1</sup> | <b>GBP 1,000,000</b> |
| Ongoing charge figure <sup>2</sup>      | <b>0.310%</b>        |

### Codes

|                  |                     |
|------------------|---------------------|
| ISIN             | <b>GB00BP95B301</b> |
| Bloomberg ticker | <b>GLSDPCA LN</b>   |
| SEDOL            | <b>BP95B30</b>      |

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

<sup>2</sup>Ongoing Charges Figure is an estimate due to a change of fee structure.

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

For definition of terms, please refer to the Glossary QR code and Prospectus.

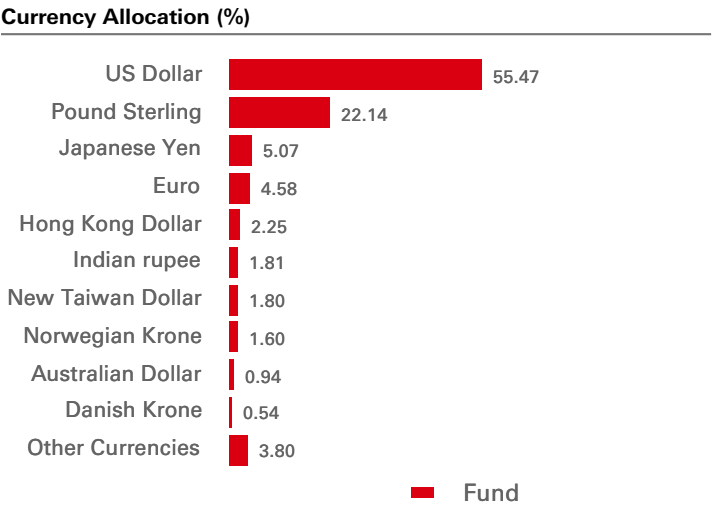
Source: HSBC Asset Management, data as at 31 May 2024

| Performance (%) | YTD  | 1 month | 3 months | 6 months | 1 year | 3 years ann | 5 years ann | Since inception ann |
|-----------------|------|---------|----------|----------|--------|-------------|-------------|---------------------|
| Acc C           | 4.52 | 0.77    | 1.49     | 8.58     | 12.42  | --          | --          | 5.50                |

| Rolling performance (%) | 31/05/23-31/05/24 | 31/05/22-31/05/23 | 31/05/21-31/05/22 | 31/05/20-31/05/21 | 31/05/19-31/05/20 |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Acc C                   | 12.42             | -0.25             | --                | --                | --                |

| Carbon footprint                                                                                                                                    | Fund   | Broad market index | MSCI ESG Score     | ESG score | E   | S   | G   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------------|--------------------|-----------|-----|-----|-----|
| Carbon intensity emissions                                                                                                                          | 113.17 | 155.69             | Fund               | 7.2       | 6.7 | 5.7 | 5.8 |
| Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO <sup>2</sup> e/USD million revenue)<br>Source: S&P Global Trucost |        |                    | Broad market index | 6.6       | 6.4 | 5.4 | 5.8 |



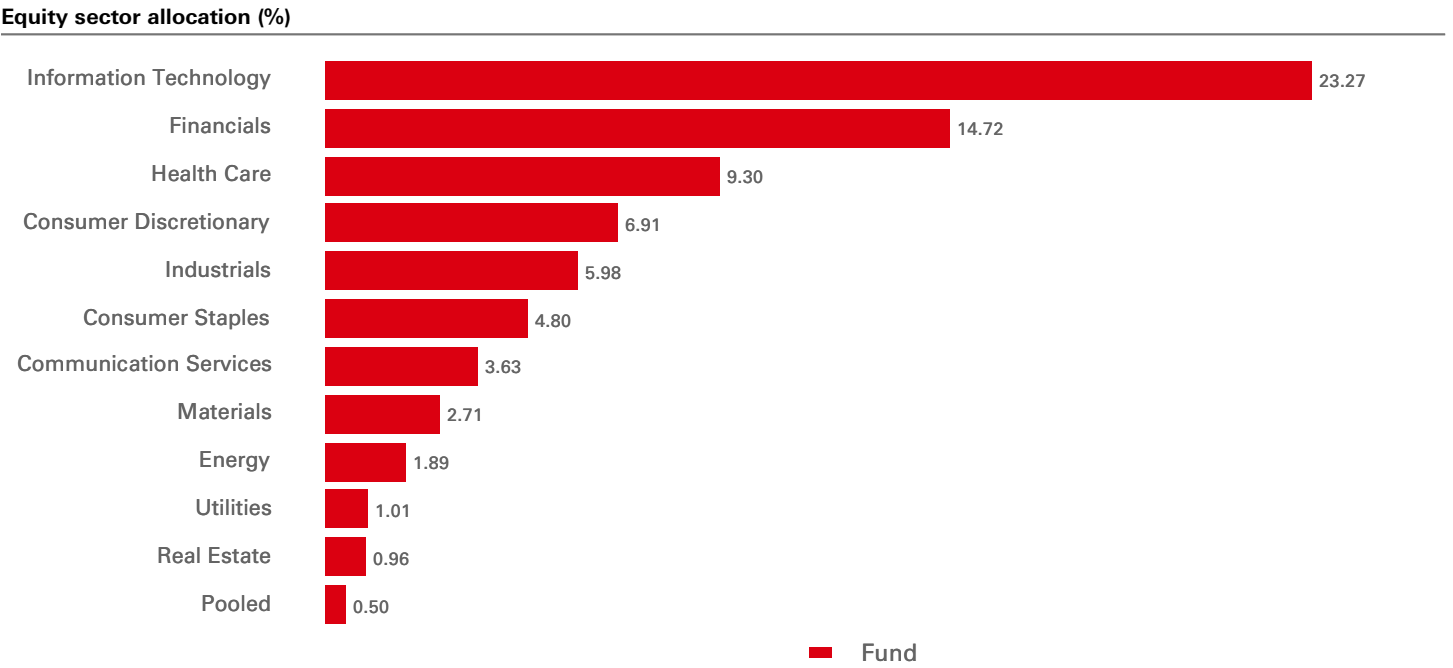
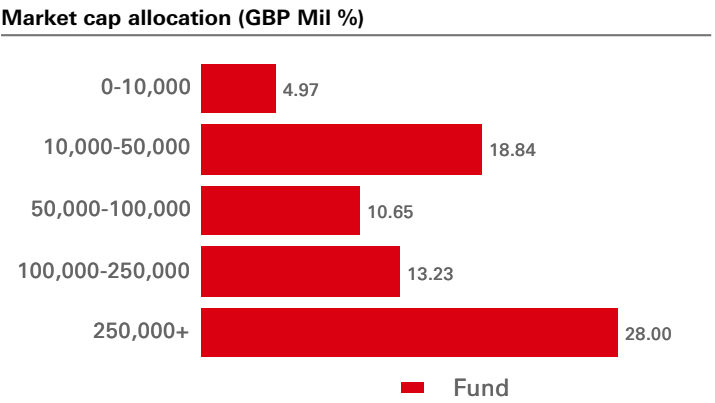
| Sustainable investment style (%)    | Fund  |
|-------------------------------------|-------|
| Equities - Positive Screening       | 75.68 |
| Bonds - Positive Screening          | 14.58 |
| Cash                                | 1.46  |
| Alternatives - Sustainable Thematic | 8.28  |

| Top 10 holdings                         | Weight (%) |
|-----------------------------------------|------------|
| HSBC USA Sustainable Equity ETF         | 31.02      |
| USA Sustainable Equity Index Instl Acc  | 17.07      |
| HSBC GFI-GSGB UCS ETF-ZQHUSD            | 13.23      |
| HSBC Emerging Market Sustainable Eq ETF | 8.62       |
| HSBC EUROPE EX UK SUS EQUITY            | 8.33       |
| HSBC FTSE EPRA DEV CPA USD A            | 8.28       |
| HSBC Japan Sustainable Equity ETF       | 7.42       |
| HSBC UK Sustainable Equity ETF          | 1.66       |
| ISHARES PACIFIC X-JP ESG UA             | 1.56       |
| Amundi US Corp SRI - DR                 | 1.02       |

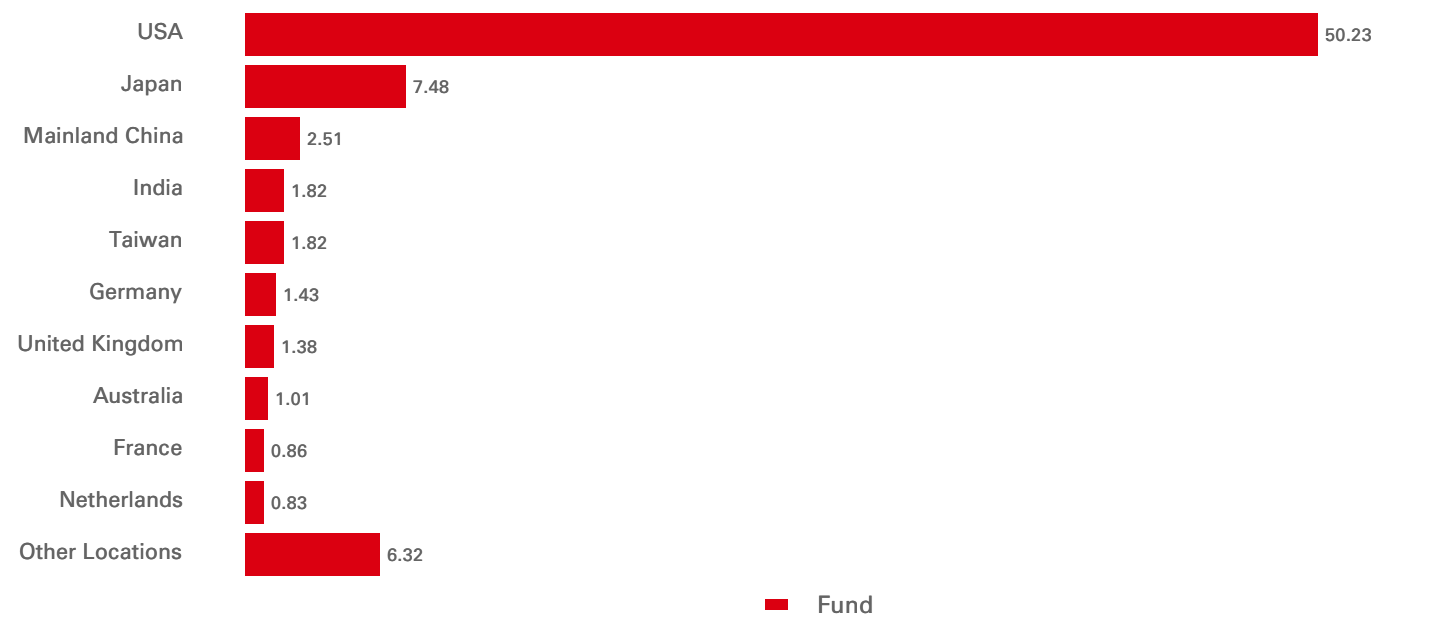
The MSCI ESG Key Issue Score is the numerical, weighted average of MSCI's E, S, and G pillar scores. A higher number indicates a more favourable ESG profile in the view of MSCI.  
 The weighted averages of the Key Issue Scores are aggregated and companies' scores are normalized by their industries. After any overrides are factored in, each company's Final Industry-Adjusted Score corresponds to a rating.  
 For more information, see MSCI ESG Ratings Methodology @ <https://www.msci.com/esg-and-climate-methodologies>  
 Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.  
 For details of the broad market index, please refer to the prospectus.  
 Source: HSBC Asset Management, data as at 31 May 2024

| Equity top 10 holdings      | Location      | Sector                 | Weight (%) |
|-----------------------------|---------------|------------------------|------------|
| Microsoft Corp              | United States | Information Technology | 5.29       |
| Apple Inc                   | United States | Information Technology | 4.32       |
| Johnson & Johnson           | United States | Health Care            | 3.75       |
| Visa Inc                    | United States | Financials             | 3.73       |
| NVIDIA Corp                 | United States | Information Technology | 2.60       |
| Cisco Systems Inc           | United States | Information Technology | 1.78       |
| Amazon.com Inc              | United States | Consumer Discretionary | 1.25       |
| Taiwan Semiconductor Co Ltd | Taiwan        | Information Technology | 1.17       |
| Schneider Electric SE       | United States | Industrials            | 0.90       |
| Toyota Motor Corp           | Japan         | Consumer Discretionary | 0.76       |

| Equity characteristics       | Fund    | Reference Benchmark |
|------------------------------|---------|---------------------|
| Average market cap (GBP Mil) | 526,775 | --                  |
| Price/earning ratio          | 16.47   | --                  |
| Portfolio yield              | 2.04%   | --                  |



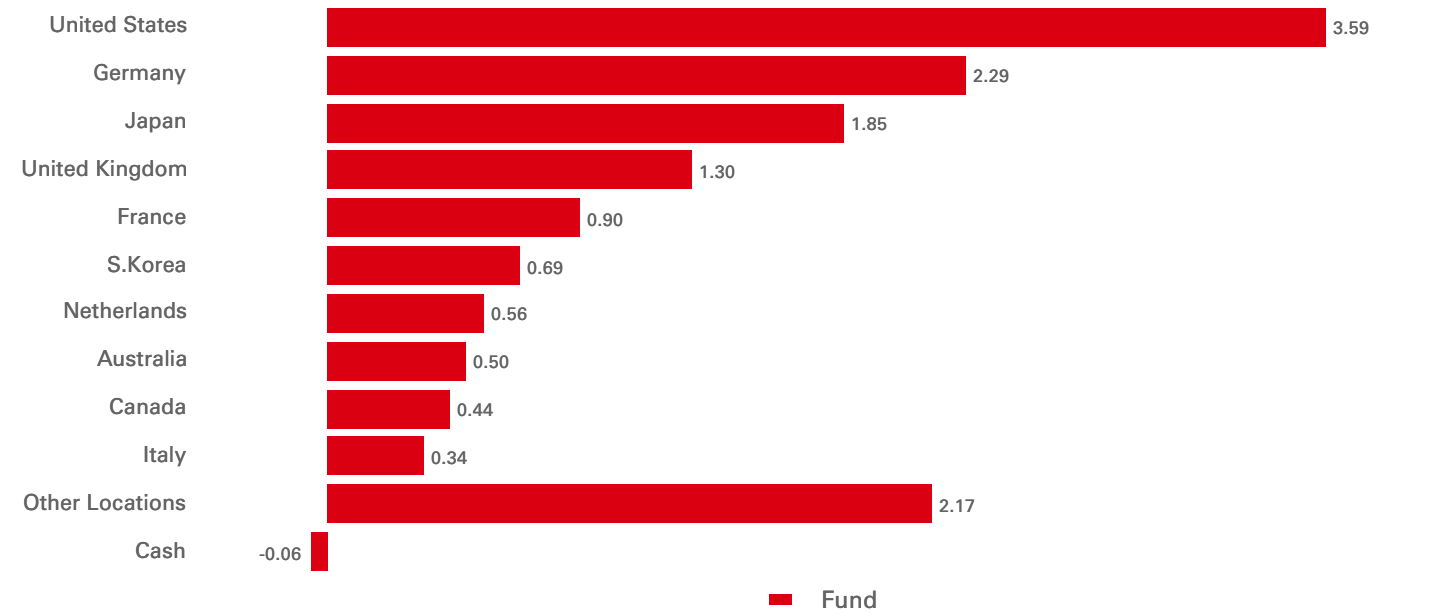
Equity geographical allocation (%)



| Fixed Income Characteristics | Fund   | Reference Benchmark | Relative | Credit rating (%) | Fund  | Reference Benchmark | Relative |
|------------------------------|--------|---------------------|----------|-------------------|-------|---------------------|----------|
| Yield to worst               | 4.95%  | --                  | --       | AAA               | 4.37  | --                  | --       |
| Yield to maturity            | 4.95%  | --                  | --       | AA                | 6.27  | --                  | --       |
| Option adjusted duration     | 7.42   | --                  | --       | A                 | 3.01  | --                  | --       |
| Rating average               | AA/AA- | --                  | --       | BBB               | 0.98  | --                  | --       |
|                              |        |                     |          | BB                | 0.00  | --                  | --       |
|                              |        |                     |          | NR                | 0.00  | --                  | --       |
|                              |        |                     |          | Cash              | -0.06 | --                  | --       |

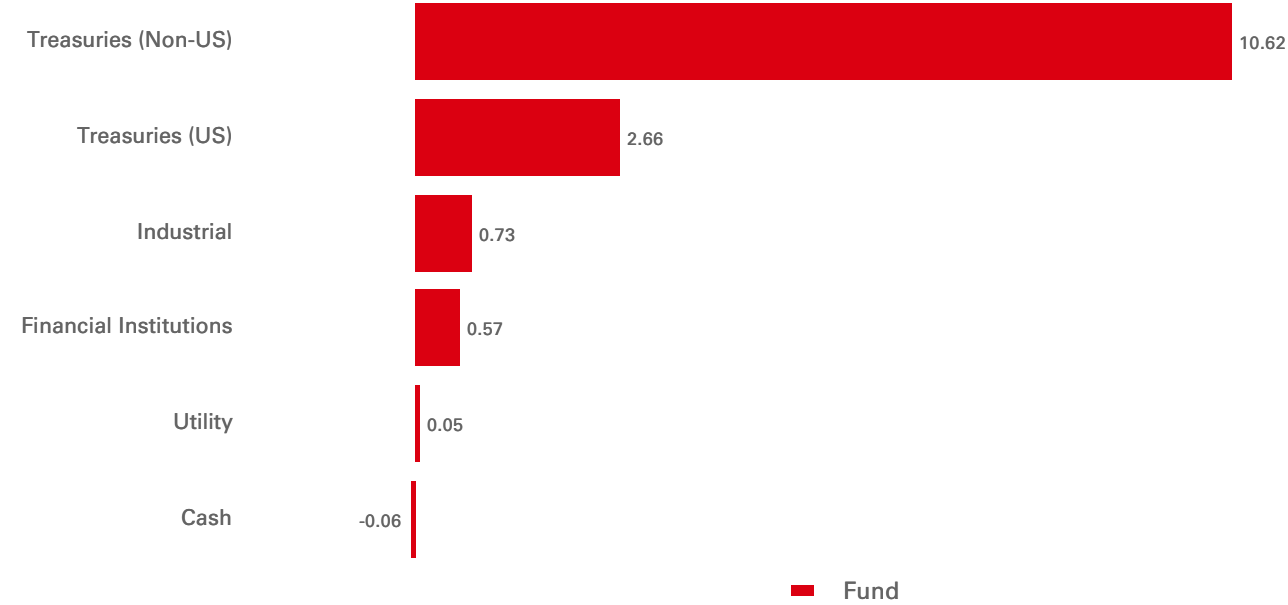
| Fixed income top 10 holdings                   | Location       | Instrument type | Weight (%) |
|------------------------------------------------|----------------|-----------------|------------|
| UNITED KINGDOM GILT 0.375 22/10/2026 GBP       | United Kingdom | Government Bond | 0.13       |
| US TREASURY N/B 4.250 31/01/2026 USD           | United States  | Treasury Note   | 0.12       |
| UNITED KINGDOM GILT 4.625 31/01/2034 GBP       | United Kingdom | Government Bond | 0.10       |
| United Kingdom Gilt 0.875% 22/10/2029 GBP 0.01 | United Kingdom | Government Bond | 0.09       |
| BUNDESSCHATZANWEISUNGEN 2.500 19/03/2026 EUR   | Germany        | Government Bond | 0.08       |
| BUNDESREPUB. DEUTSCHLAND 0.250 15/02/2027 EUR  | Germany        | Government Bond | 0.08       |
| BUNDESREPUB. DEUTSCHLAND 0.000 15/08/2026 EUR  | Germany        | Government Bond | 0.08       |
| BUNDESREPUB. DEUTSCHLAND 2.600 15/08/2033 EUR  | Germany        | Government Bond | 0.08       |
| UK Treasury 0.125 1/30/2026 GBP 0.01           | United Kingdom | Government Bond | 0.07       |
| BUNDESREPUB. DEUTSCHLAND 2.500 15/08/2046 EUR  | Germany        | Government Bond | 0.07       |

Fixed income geographical allocation (%)

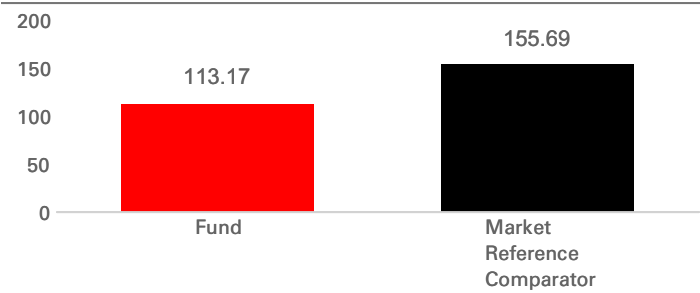


| Geographical allocation (Option adjusted duration) | Fund | Reference Benchmark | Relative |
|----------------------------------------------------|------|---------------------|----------|
| United States                                      | 1.53 | --                  | --       |
| Japan                                              | 1.16 | --                  | --       |
| Germany                                            | 1.13 | --                  | --       |
| United Kingdom                                     | 0.78 | --                  | --       |
| France                                             | 0.45 | --                  | --       |
| S.Korea                                            | 0.45 | --                  | --       |
| Netherlands                                        | 0.30 | --                  | --       |
| Australia                                          | 0.20 | --                  | --       |
| Canada                                             | 0.19 | --                  | --       |
| Austria                                            | 0.18 | --                  | --       |
| Other Locations                                    | 1.09 | --                  | --       |
| Cash                                               | 0.00 | --                  | --       |

**Fixed income sector allocation (%)**

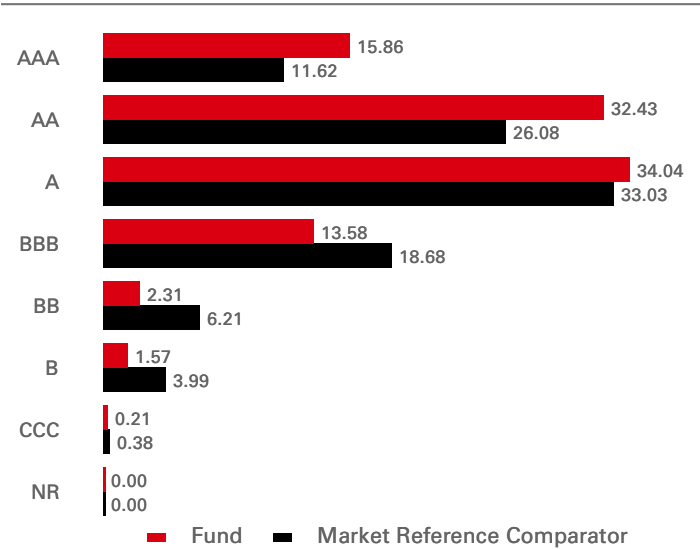


Carbon intensity emissions (%)



Over the month, the average carbon intensity of the market benchmark was measured at 154.4 tCO<sub>2</sub>e. Our investment approach resulted in a reduction of 34%, meaning the carbon intensity of the portfolio was measured at 101.2 tCO<sub>2</sub>e.

ESG score distribution (%)



82% of the underlying issuers held by the fund are rated AAA-A, compared to 71% of those in the reference benchmark. The average ESG score for the underlying issuers held by the fund is 7.15, while that of the reference benchmark securities was 6.59.

Stewardship

Stewardship in Action – Collaborative engagement with multinational commodity trading & mining company

Background

The company’s emission targets are misaligned with 1.5 degrees and require urgent actions to reduce emissions.

Desired Action from the company

Environmental - Strengthen short term targets such as ending greenfield Valeria project; Improve disclosure around capex plans that are Paris-aligned.

Environmental & Social - Establish and disclose a Just transition strategy for impacted assets and communities.

Social and Governance - Set specific targets linked to remuneration that shall lead to absolute emission reduction.

Engagement process

We engaged with the CEO to voice our concerns over assumptions used in Paris aligned scenario analysis. We co-filed a shareholder proposal asking for improved disclosure on 1.5-degree alignment in December 2022.

Outcome & Next Steps

The company decided to withdraw applications for approval for the new greenfield Valeria coal mine in Australia and to commit to a just transition plan. They enhanced medium term target from 40% to 50% GHG emissions by 2035, which will come primarily from the reduction of coal assets. They stated their intention to exit the World Coal Association in the progress report.

Risk disclosures

- Derivatives may be used by the Fund, and these 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.
- 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 is a measure of how easily the Fund’s holdings can be quickly converted to cash. The value of the Fund’s holdings may be significantly impacted by liquidity risk during adverse market conditions.
- Risk that the financial situation of the issuer of a bond or debt security deteriorates, with extreme risk that the issuer will default.

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Glossary



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