

# HSBC Global Investment Funds - Hong Kong Equity

Share Class PD

31 Mar 2019

## Risk Disclosure

- The Fund invests mainly in Hong Kong equities.
- The Fund is subject to the concentration risks of investing in a single market.
- The Fund may invest in onshore Chinese securities through various market access schemes and China A-shares Access Products. Such investments involve additional risks, including the risks associated with China's tax rules and practices.
- Because the Fund's base currency, investments and classes may be denominated in different currencies, investors may be affected adversely by exchange controls and exchange rate fluctuations.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, currency, volatility, liquidity, interest rate, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Unit trusts are NOT equivalent to time deposits. Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

## Fund Objective and Strategy

### Investment Objective

The Fund aims to provide long-term capital growth by investing in shares (or securities that are similar to shares) of Hong Kong companies. The companies issuing these shares have a registered office and official stock-market listing in Hong Kong Special Administrative Region (SAR), or carry out most of their business there. In normal market conditions, at least 90% of the Fund's assets are invested in such companies.

### Investment Strategy

There aren't restrictions on the market values of the companies held in the Fund. The Fund's maximum exposure to China A-shares and China B-shares is 20% of its assets. In addition, the Fund may invest up to 10% of its assets into other funds. Please see the Prospectus for a full description of the investment objectives and derivative usage.

## Share Class Details

UCITS V Compliant	Yes
Distribution Type	Distributing
Distribution Frequency	Annually
Dealing Frequency	Daily
Min. Initial Investment	USD 1,000
Max. Initial Charge	4.50%
Management Fee	1.00%
Base Currency	USD
Domicile	Luxembourg
ISIN	LU0011817854
Inception Date	16 Jan 1987
NAV per Share	USD 131.79
Fund Size	USD 134,358,287
Bloomberg Ticker	HSBHKEI LX
Reference Benchmark	FTSE MPF Hong Kong Net
Manager	Michael Chiu

Performance (%)	YTD	1M	3M	1Y	3Y <sup>1</sup>	5Y <sup>1</sup>
PD	12.18	0.98	12.18	-5.16	35.80	38.81
Reference Benchmark	13.17	1.58	13.17	-1.54	51.84	49.64

Calendar Year Performance (%) <sup>2</sup>	2014	2015	2016	2017	2018
PD	3.49	-2.92	0.61	35.92	-16.24
Reference Benchmark	4.89	-6.07	3.66	41.54	-12.88

3-Year Risk Measures	PD	Reference Benchmark	Characteristics	Fund	Reference Benchmark
Volatility	14.18%	13.78%	Number of Holdings	67	319
Information Ratio	-2.30	-	ex Cash		
Beta	1.02	-	Avg Market Cap (USD mil)	109,940	93,219

**Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations.**

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

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

<sup>2</sup>The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history.

Reference Performance Benchmark: FTSE MPF Hong Kong Net since 1 Dec 2011. From 1 Jan 1990 – 30 Nov 2011, the benchmark was Hang Seng Gross. Prior to that was Hang Seng Price.  
Fund change that may have material impact on performance: 20 Jun 2016 – investment objective changed. 16 Nov 2018 - Change in the manner of charging sales charge / switching charge.  
To download the offering documents from [http://services.assetmanagement.hsbc.com.hk/site/media/pdf/documents/English/AMHK\\_HGIF.pdf](http://services.assetmanagement.hsbc.com.hk/site/media/pdf/documents/English/AMHK_HGIF.pdf)



## Monthly Performance Commentary

---

### Market review

The Hong Kong and Chinese equity market extended its gain in the third month of 2019 with FTSE MPF Hong Kong index rising 1.5% in USD terms, sending the year-to-date gain to 12.8%. The strong performance was mainly driven by better-than-expected macro data, pro-growth domestic policies, optimism about China-US negotiations and Fed's dovish tone on rate hike cycle. The market rally somewhat moderated this month due to concerns over FY18 earnings results and inverted yield curves. For China-US negotiation, the two sides had a constructive meeting in late March and the market is expecting a final deal to come out as early as late April. Manufacturing PMI surprised on the upside in March with a strong rebound to 50.5 and beating the market forecast of 49.5. TSF also picked up and reversed the deceleration throughout 2018. On the cautious side, PPI disinflation pressure might lead to concerns over weak industrial profits and slowdown in manufacturing FAI growth.

### Portfolio review

The fund underperformed the benchmark in March mainly due to unfavourable stock selection in financials and utilities sectors.

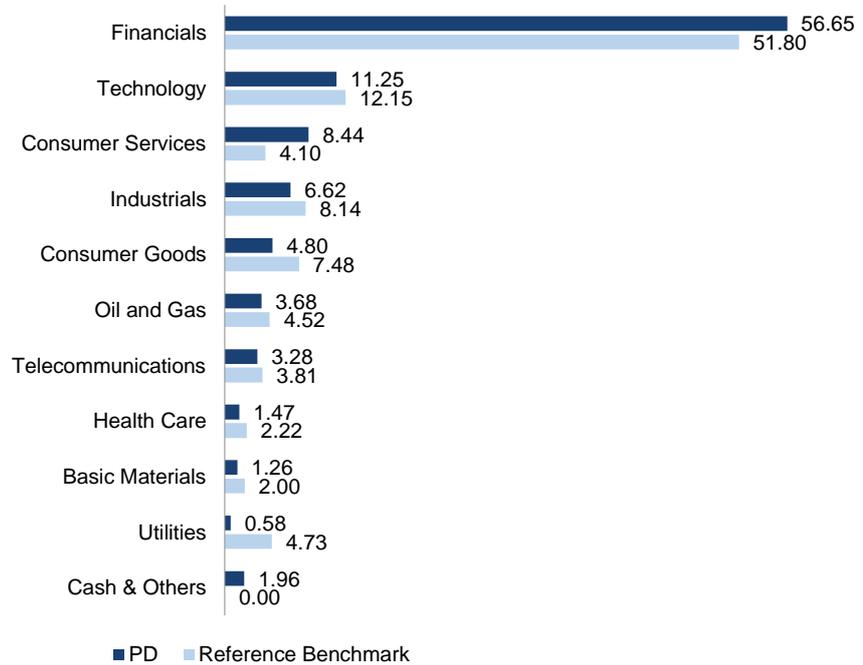
China Resources Power was one of the key detractors as its share price corrected sharply after it was removed from Hang Seng Index. China Railways Construction Group dragged performance as the overall market sentiment in March tended to benefit laggards, but rail companies have performed strongly last year and therefore were not favoured by investors. China Construction Bank also detracted as net interest margin contraction disappointed the market. On the bright side, Chinese liquor company Kweichow Moutai rose higher due to strong quarterly earnings on the back of continued mix upgrades and a significant decline in sales and distribution cost.

Key overweights at month end were financials and consumer services. Key underweights were utilities, consumer goods and industrials.

### Outlook

The sharp pullback in Chinese equities market in 2018 was driven by a string of macro factors such as the heightening China-US trade tension, US interest rate hikes and domestic headwinds featuring moderating growth and weakening property markets etc. However, as we entered into 2019, those macro risks that has previously pressured on the market have been fading out, as we see more progress on trade talks, the potential earlier end of the US rate hike cycle and a much more accommodative policies stance from the Chinese government to support economic growth. With major macro concerns fading out, we believe the indiscriminate selloff of equities that happened 2018 is behind us and market valuation is gradually reverting to its mean level. Looking ahead, we expect investors to shift the focus back to corporate earnings. Companies with strong fundamentals and growth are expected to outperform in 2019. In terms of liquidity, we believe the further open up of Chinese equity market through stock connection or inclusion of A-share into major global indices will continue to drive global investors' interest in Chinese equities. The end of US rate hike should also prompt fund flows back to the emerging market, including China. Despite earnings growth is reset lower amid higher external risk, Chinese corporates are still growing with market expecting a high single digit growth for MSCI China in 2019. We believe at this valuation and earnings growth profile, the market has room to rise higher in 2019.

## Sector Allocation (%)



Top 10 Holdings (%)	Sector	Weight (%)
Tencent Holdings Ltd	Technology	9.64
AIA Group Ltd	Financials	6.56
Indl and Comm Bank of China Ltd	Financials	6.41
China Construction Bank Corp	Financials	6.33
HSBC Holdings PLC	Financials	5.99
CK Hutchison Holdings Ltd	Industrials	4.10
Ping An Ins Grp Co of China Ltd	Financials	3.98
BOC Hong Kong Holdings Ltd	Financials	3.06
China Overseas Land & Inv Ltd	Financials	2.87
CNOOC Ltd	Oil and Gas	2.37

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

### Index Disclaimer

FTSE International Limited ("FTSE") © FTSE 2019. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

**Important Information**

---

This document is prepared for general information purposes only and does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Any views and opinions expressed are subject to change without notice. This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Global Asset Management (Hong Kong) Limited ("AMHK") accepts no liability for any failure to meet such forecast, projection or target. AMHK has based this document on information obtained from sources it reasonably believes to be reliable. However, AMHK does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information. Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document for further details including the risk factors. This document has not been reviewed by the Securities and Futures Commission. Copyright © HSBC Global Asset Management (Hong Kong) Limited 2019. All rights reserved. This document is issued by HSBC Global Asset Management (Hong Kong) Limited.

# HSBC Global Investment Funds - Hong Kong Equity

Supplement Information Sheet

31 Mar 2019

Share Class	Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield (Distribution is not guaranteed and may be paid out of capital)
PD	USD	Annually	11 Jul 2018	2.598788	1.97%
AD	USD	Annually	11 Jul 2018	1.956563	1.46%
ADHKD	HKD	Annually	11 Jul 2018	0.175080	1.44%

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

Dividend is not guaranteed and may be paid out of capital, which will 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. Historical payments may be comprised of both distributed income and capital.

The calculation method of annualised yield:  $(\text{dividend value} / \text{NAV per share or unit as of ex-dividend date}) \times n$ , 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.