

## HSBC Global Investment Funds

# ECONOMIC SCALE JAPAN EQUITY

Monthly report 30 November 2021 | Share class PD



### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Japanese shares.



### Investment strategy

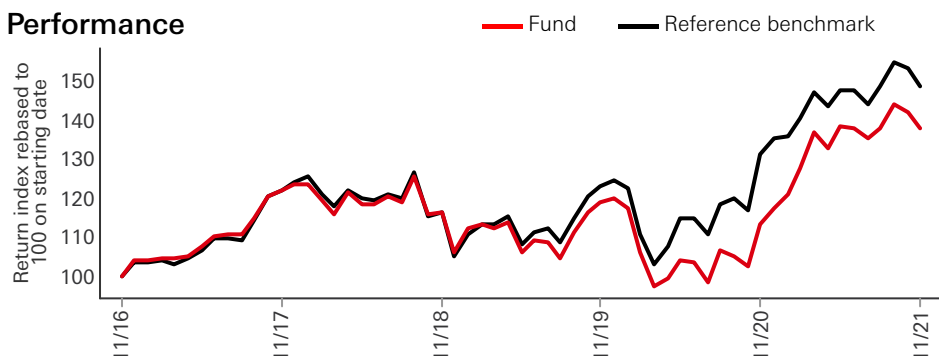
In normal market conditions, the Fund will invest at least 90% of its assets in shares (or securities similar to shares) of companies of any size that are based in, or carry out the larger part of their business activities in, Japan. The Fund's investment process identifies and invests in companies according to their economic scale, measured by their contribution to Gross National Product. This is also referred to as Value Added - the difference between a company's outputs and inputs. The Fund may invest up to 10% in Real Estate Investment Trusts, and may also invest up to 10% of its assets in other funds, including HSBC funds. See the Prospectus for a full description of the investment objectives and derivative usage.



### Main risks

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at 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.
- 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.

### Performance



### Share Class Details

#### Key metrics

NAV per Share	<b>JPY 13.00</b>
Performance 1 month	<b>-2.89%</b>
Volatility 3 years	<b>16.52%</b>

#### Fund facts

UCITS V compliant	<b>Yes</b>
Dividend treatment	<b>Distributing</b>
Distribution Frequency	<b>Annually</b>
Dividend ex-date	<b>8 July 2020</b>
Last Paid Dividend	<b>0.201677</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>JPY</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>16 January 1987</b>
Fund Size	<b>JPY 8,250,413,406</b>
Managers	<b>HSBC Index and Systematic Equity Portfolio Management Team</b>

#### Fees and expenses

Minimum Initial Investment	<b>USD 50,000</b>
Ongoing Charge Figure <sup>1</sup>	<b>0.748%</b>
Management fee	<b>0.400%</b>

#### Codes

ISIN	<b>LU0011818076</b>
Bloomberg ticker	<b>HSBJPEI LX</b>

<sup>1</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.

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

Historically the comparative investment benchmark has been: TOPIX Price from launch until 31/12/2001; TOPIX Gross from 01/01/2002 until 16/02/2015; HSBC Economic Scale Japan Index from 17/02/2015 until 25/10/2017. Prior to 25/10/2017 the fund was named HSBC Global Investment Funds - Economic Scale Index Japan Equity; Prior to 17/02/2015 the fund was named Japan Equity.

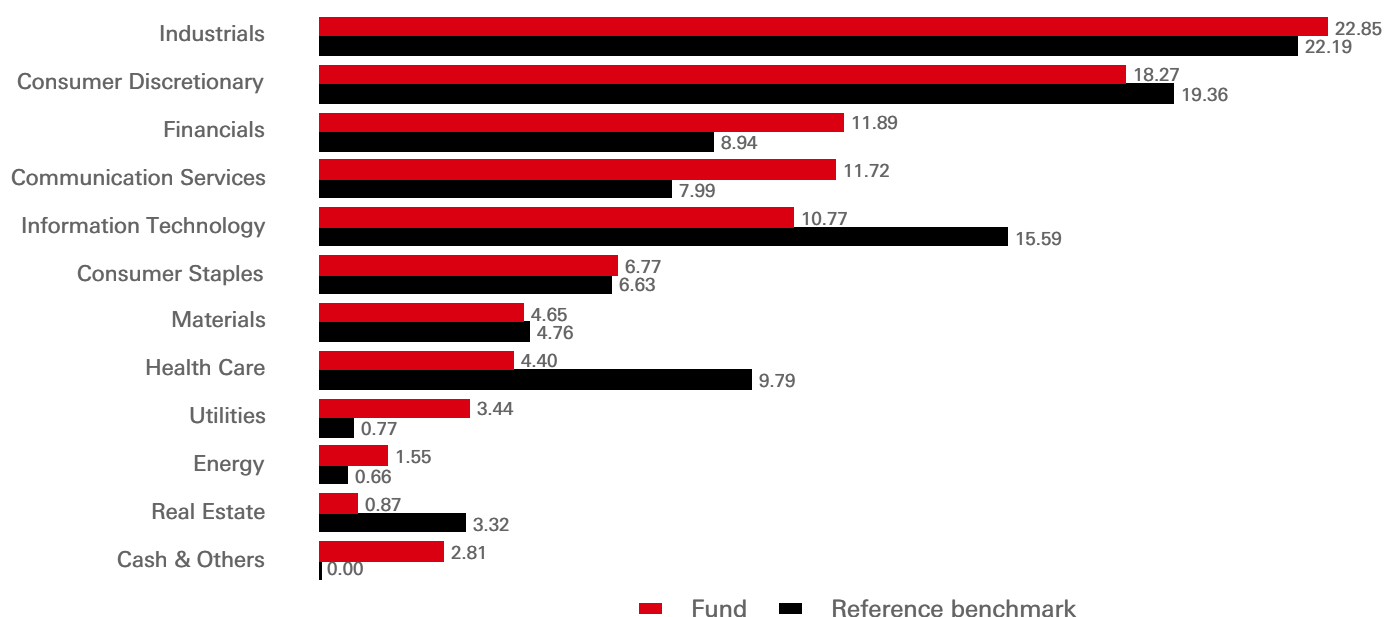
Source: HSBC Asset Management, data as at 30 November 2021

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
<b>PD</b>	<b>17.44</b>	<b>-2.89</b>	<b>-0.02</b>	<b>-0.13</b>	<b>22.04</b>	<b>5.81</b>	<b>6.65</b>
Reference benchmark	9.78	-2.88	0.10	0.77	13.18	8.45	8.24
Market index	9.78	-2.88	0.10	0.77	13.18	8.45	8.24

Rolling Performance (%)	30/11/2020- 30/11/2021	30/11/2019- 30/11/2020	30/11/2018- 30/11/2019	30/11/2017- 30/11/2018	30/11/2016- 30/11/2017
<b>PD</b>	<b>22.04</b>	<b>-4.91</b>	<b>2.07</b>	<b>-4.26</b>	<b>21.66</b>
Reference benchmark	13.18	6.87	5.45	-4.61	22.10
Market Index	13.18	6.87	5.45	-4.61	--

Equity characteristics	Fund	Reference benchmark	3-Year Risk Measures	PD	Reference benchmark
No. of holdings ex cash	220	274	Volatility	16.52%	16.00%
Average Market Cap (JPY Mil)	5,246,049	5,977,932	Information ratio	-0.66	--
			Beta	1.00	--

#### Sector Allocation (%)



Top 10 Holdings	Sector	Weight (%)
NTT	Communication Services	5.87
Toyota Motor Corp	Consumer Discretionary	4.67
Hitachi Ltd	Industrials	3.24
Japan Post Holdings Co Ltd	Financials	3.14
SoftBank Group Corp	Communication Services	2.75
Honda Motor Co Ltd	Consumer Discretionary	2.22
Sony Group Corp	Consumer Discretionary	1.96
Fujitsu Ltd	Information Technology	1.84
Panasonic Corp	Consumer Discretionary	1.76
Mitsubishi Corp	Industrials	1.75

## Monthly performance commentary

### Market Review

Global equities fell in November as the revelation of a new COVID-19 variant originating from South Africa caused investor sentiment to materially deteriorate at the end of the month, whilst inflation fears and US monetary policy tightening also contributed to the worsening investor mood. US stocks declined due to the emergence of the Omicron variant and hawkish comments from the US Federal Reserve chairman, Jay Powell. The US Federal Reserve announced plans to reduce its monthly bond purchases earlier in the month and also signalled a willingness to raise interest rates sooner than market's expectations after expressing concerns about inflation. However, the US unemployment picture showed further signs of improvement after job creation numbers exceeded expectations and there were hopes of new fiscal stimulus following a \$1.9bn social spending plan being passed through the House of Representatives. European stocks declined due to the rising cases of COVID-19 in the region with some national governments instituting new curbs on social activity, causing investors to worry that a prolonged pandemic will derail the economic recovery. The arrival of the Omicron variant also further clouded the European economic recovery. In the UK, the government introduced new travel restrictions in response to the Omicron variant, whilst the Bank of England delayed hiking interest rates, which surprised the market. Asian stocks traded lower as investors weighed the economic impacts of the Omicron variant. Japanese equities had rallied strongly until the news of the new COVID-19 variant as the government announced a \$490bn spending package to stimulate the economy. Investors in Chinese equities continued to adjust their portfolios amid the ongoing regulatory overhaul in a number of sectors under Xi Jinping's "common prosperity" pursuit and the property market crackdown.

### Fund Commentary

### Overall Performance

In November, the HGIF Economic Scale Japan Equity fund performed in line with its market cap weighted index. While our asset allocation contributed to performance, our stock selection weighed on performance.

### Sectors

On a sector basis, our overweight allocations to Communication Services and Utilities coupled with our underweight exposures to Real Estate and Health Care contributed to performance. Conversely, our overweight allocations to Consumer Discretionary and Consumer Staples along with an underweight exposure to Information Technology weighed on performance.

### Stock Level

On a stock level basis, our overweight allocations to Hitachi Ltd (Industrials), Nippon Telegraph & Telephone (Communication Services) and AEON Co Ltd (Consumer Staples) contributed to performance. Conversely, our underweight exposures to Tokyo Electron Ltd (Information Technology), Keyence Corp (Information Technology) and Sony Group Corp (Consumer Discretionary) weighed on performance.

## Risk Disclosure

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

Follow us on:



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## Glossary



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**Source: HSBC Asset Management, data as at 30 November 2021**