

Product Note

HSBC Brazil Fund

An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund.
July 2023

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Fund of Funds (Domestic)	Sonal Gupta	MSCI Brazil 10/40 Index TRI	06 May 2011	Rs. 37.97 Cr

Investment Objective

The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds (HGIF) Brazil Equity Fund. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

Portfolio theme HSBC Brazil Equity - Underlying Fund

Long-term drivers of EPS remain in place:

- Brazil EPS growth story is delayed but not derailed
- Stabilisation plan remains the primary underpinning to macro policy
- Low growth, but even lower rates
- Government and Central Bank supporting activity without compromising fiscal austerity. Adjustment via FX

Attractive Valuations:

- Volatility has created an attractive entry point in our view
- Structural change in allocation towards equities, but at a slower pace

Fund Commentary

At sector level, stock selection was negative for the month. Positive performance came from Consumer Discretionary and Energy, though this was offset by negative stock selection in Health Care and Industrials.

Energy security, **PETROBRAS - PETROLEO BRAS** was the one of the largest contributor with total effect 0.15%. Consumer Discretionary security, **MERCADOLIBRE INC** also contributed with total effect 0.14%.

On the other side, detractors included Health Care security **HAPVIDA PARTICIPACOES E INVE** with total effect -0.46%

During this period, no positions were opened.

No positions were closed.

Sector allocation effects are residual to stock selection. At sector level, effects were negative, given an underweight exposure to Health Care .

Risk Ratios ²	
Standard Deviation	32.84%
Beta	0.95
Sharpe Ratio ³	0.10
R2	0.98%

Data as on 30 June 2023,

¹ GSEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021.

² Statistical Ratios disclosed are as per monthly returns (Annualized) for the last 3 years.

³ Risk free rate: 6.90% (FIMMDA-NSE MIBOR) as on June 30, 2023

⁴ Continuing plans

HGIF Global Brazil- HBF – Underlying Fund

Portfolio

Instrument	Weight (%)
BANCO BRADESCO S.A.	8.8%
PETROBRAS - PETROLEO BRAS	8.0%
VALE SA	7.2%
WEG SA	5.7%
CENTRAIS ELETRICAS BRASILIER	5.1%
BANCO BTG PACTUAL SA-UNIT	5.1%
ITAU UNIBANCO HOLDING S-PREF	4.7%
LOCALIZA RENT A CAR	4.6%
B3 SA-BRASIL BOLSA BALCAO	4.5%
AMBEV SA	4.0%
LOJAS RENNER S.A.	2.9%
HAPVIDA PARTICIPACOES E INVE	2.9%
GERDAU SA-PREF	2.9%
SUZANO PAPEL E CELULO-PREF A	2.7%
COSAN LTD-CLASS A SHARES	2.7%
TOTVS SA	2.6%
CIA SANEAMENTO BASICO DE SP	2.5%
REDE D'OR SAO LUIZ SA	2.5%
iShares MSCI Brazil ETF (DE)	2.0%
Pooled	2.0%
ENERGISA SA-UNITS	1.9%
BANCO DO BRASIL S.A.	1.9%
ITAUSA SA	1.7%
PRIO SA	1.7%
MAGAZINE LUIZA SA	1.5%
ATACADAO SA	1.4%
MERCADOLIBRE INC	1.2%
RAIA DROGASIL SA	1.1%
NATURA COSMETICOS SA	1.0%
VIBRA ENERGIA SA	0.8%
BB SEGURIDADE PARTICIPACOES	0.7%
JBS SA	0.7%
KLABIN SA - UNIT	0.5%
INTER & CO INC	0.3%
BRF SA	0.2%
Cash	2.2%
Total	100.00%

Data as on 30 June 2023, Source – HSBC Asset Management

Sector Allocation (%)

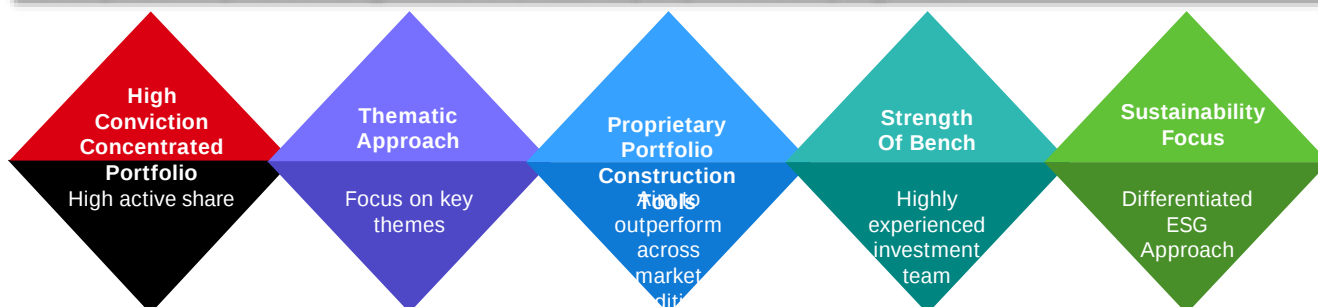
Name	End Weight
Financials	27.6%
Materials	13.3%
Energy	12.4%
Industrials	10.3%
Utilities	9.5%
Consumer Staples	8.5%
Consumer Discretionary	6.4%
Health Care	5.4%
Information Technology	2.6%
Pooled	2.0%
Cash	2.2%

Who Can Benefit From This Fund?

- Investor who wish to have geographical and sectorial diversification leading to risk reduction
- It can helps in diversifying a predominantly domestic portfolio
- Different geographical economies may deliver varying and contrasting risk adjusted performance in various economic & investment cycles
- Provides opportunities to invest in various themes

Load / Expenses	
Entry Load	NA
Exit Load - (i) In respect of each purchase / switch-in of units, an Exit Load of 1% is payable if Units are redeemed / switched-out within 1 year from the date of allotment. (ii) No Exit Load will be charged, if units are redeemed / switched-out after 1 year from the date of allotment. ⁴	
Expense ratio (Other than Direct) ⁴	2.42%
Expense ratio (Direct)	1.69%

Competitive positioning - HSBC Brazil Equity - Underlying Fund



The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The Fund may or may not have any future position in these stocks.

HSBC Brazil Fund

An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund.

Fund of Funds - Portfolio

Issuer	Industries	% to Net Assets
Mutual Fund Units		97.45%
HSBC GIF BRAZIL EQUITY S3D	Overseas Mutual Fund	97.45%
Cash Equivalent		2.55%
TREPS*		3.25%
Net Current Assets:		-0.70%
Total Net Assets as on 30-June-2023		100.00%

*TREPS : Tri-Party Repo
Data as of 30 June 23

Asset Allocation – Fund of Fund

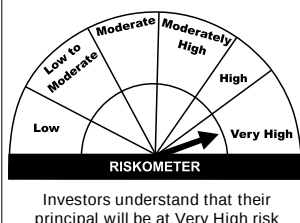
International - Mutual Fund Units	97.45%
Reverse Repos/TREPS	3.25%
Net Current Assets	-0.070%
Total Net Assets as on 30-June-2023	100.00%

HSBC Brazil Fund

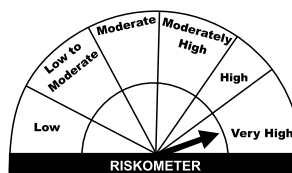
Fund of Funds (Overseas) - An Open-Ended Fund of Funds Scheme investing in HSBC Global Investments Fund - (HGIF) Brazil Equity Fund.

This product is suitable for investors who are seeking*:

- To create wealth over long term
- Invests in equity and equity related securities through feeder route in Brazilian markets



Benchmark: MSCI Brazil 10/40 Index TRI



* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note on Risk-o-meters: Please note that the above risk-o-meter is as per the product labelling of the scheme available as on the date of this communication/ disclosure. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular Scheme.

Past performance is not an indicator of future returns. Source: HSBC Asset Management India, data as at 30 June 2023

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Mutual fund investments are subject to market risks, read all scheme related documents carefully.