



# HSBC Global Investment Funds

## Asia Pacific ex Japan Equity High Dividend

### Why Asia High Dividend?

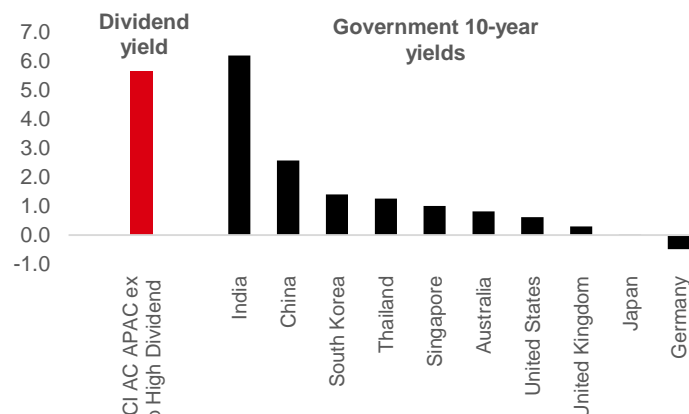
Because .....

1. Potential for stable income
2. Monetary easing
3. High historical returns

### 1. Aims to deliver dividend as income

- ◆ Dovish monetary stance globally will keep interest rates low in the foreseeable future.
- ◆ Potential quality dividend yield plays will reward investors looking for a stable and reasonable stream of income.

Asia dividend yields<sup>(2)</sup> vs. government bond yields (%)

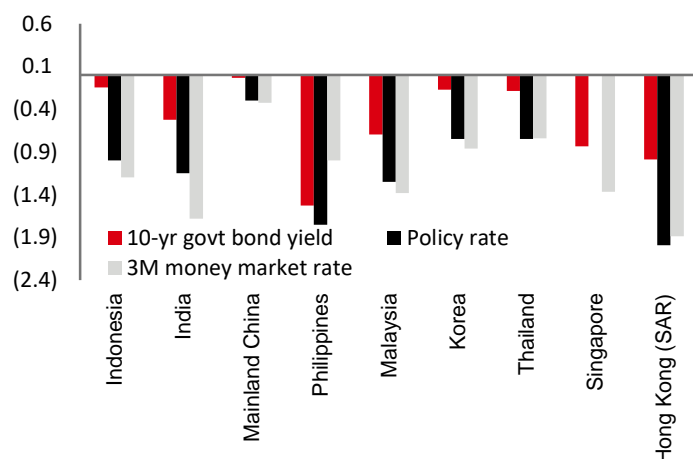


Source: Bloomberg, MSCI, as of 18 September 2020  
Past performance is not indicative of future performance.

### 2. Massive policy easing

- ◆ Asian central banks have more room to implement rate cuts to counter the COVID-19-induced downturn.
- ◆ This points to a potential of continuing injection of liquidity into the Asian equity markets.

YTD changes in interest rates (%) (as of 15 September 2020)

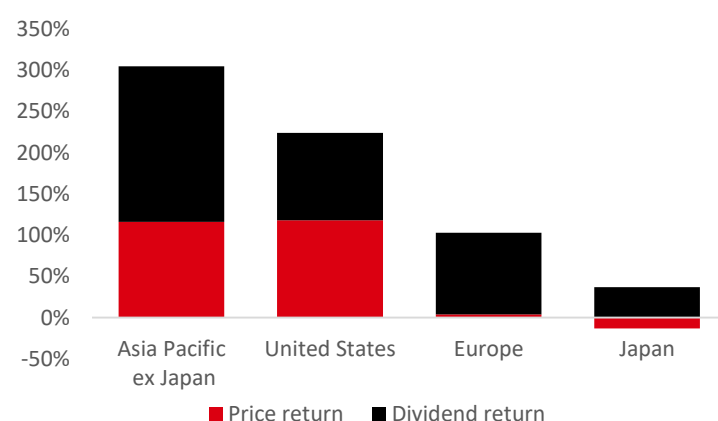


Source: Bloomberg, HSBC Global Asset Management, as of 15 September 2020

### 3. Two potential sources of return

- ◆ Asian equities deliver a healthy mix of both dividend return and capital gain
- ◆ The Asia Pacific ex Japan region boasts superior equity returns over the past 20 years.

Total return (price + dividends) since 2000<sup>(2)</sup>



Source: Bloomberg, HSBC Global Asset Management, as of 18 September 2020  
Past performance is not indicative of future performance

Notes: 1. The Morningstar rating is a purely mathematical measure that shows how well a fund's past returns have compensated shareholders for the amount of risk it has taken on.  
2. 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 dividend yield does not imply a positive return. The historical dividend yield may be higher or lower than the actual annual dividend yield.

#### Important Information:

- The Fund invests mainly in Asia Pacific equities (excluding Japan).
- The Fund is subject to the risks of investing in emerging markets.
- 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. There is no guarantee that the currency hedging strategy applied to the relevant classes will achieve its desired result.
- The Fund may pay dividends out of capital or gross of expenses. Dividend is not guaranteed and may result in capital erosion and reduction in net asset value.
- 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.

# Why this fund?

Because .....



as of August 2020<sup>(1)</sup>

1. Strong track record
2. Asia's stellar recovery

3. High dividend potential
4. ESG excellence

## 1. Strong performance track record:

- ◆ top quartile on a 1- and 5-year basis (Morningstar, end August)<sup>(6)</sup>

## 2. Asia's stellar recovery:

- ◆ Asia is the only region projected to deliver positive GDP growth in 2020 (Bloomberg, Aug 2020) - a strong recovery from the latest recession

## 3. Holdings' trailing dividend yield<sup>(2)</sup> at 4%+:

- ◆ Fund's holdings have a 12-month trailing yield at more than 4%<sup>(2)</sup>, in this low-rate environment

## 4. ESG integrated into investment process:

- ◆ actively gauging ESG impact on company profitability and valuations

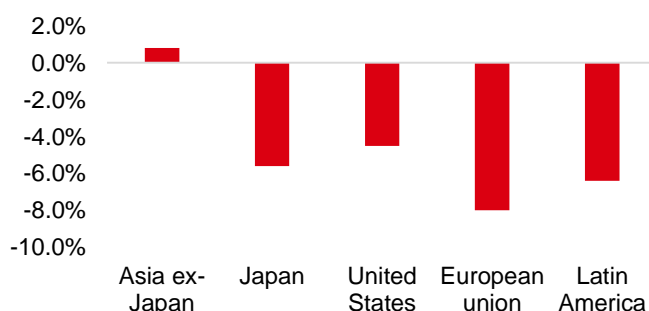
## Fund's characteristics<sup>(3)(4)</sup>....

	Fund	MSCI AC Asia Pacific ex Japan
Number of holdings	37	1263
Trailing dividend yield	4.2%	2.9%
Forward dividend yield	4.1%	2.5%
Return on invested capital	11.1%	9.1%

Source: HSBC Global Asset Management, as of 31 August 2020

## Only Asia is growing in 2020....

2020 GDP growth forecast<sup>(4)</sup> (% change yoy)



Source: Bloomberg, as of 18 September 2020.

## Fund performance (Class IC)<sup>(3)</sup>

### Cumulative performance (% in USD) (as of 31 August 2020)

	YTD	1Y	3Y	5Y
Fund	-0.73	12.05	14.25	59.95
Benchmark <sup>(5)</sup>	5.18	18.33	16.09	62.07
Quartile Ranking <sup>(6)</sup>	2	1	2	1

### Calendar year performance (% in USD) (as of 31 August 2020)

	2015	2016	2017	2018	2019
Fund	10.62	10.62	34.01	-11.15	21.55
Benchmark <sup>(5)</sup>	6.75	6.75	36.99	-13.92	19.16
Quartile Ranking <sup>(6)</sup>	1	1	1	2	1

The basis for performance calculations is NAV to NAV in USD with dividend reinvested, net of fees.

## Fund details

Inception date:	5 November 2004
Fund size:	USD 248.6 million
Base currency:	USD
Minimum investment:	USD1,000
Dealing Frequency:	Daily
Initial charge:	Up to 4.50% of the total subscription amount
Management fee:	1.50%/0.75% per annum (Retail/Institutional)
Switching fee:	Up to 1% of the switch-out proceeds
Fund manager:	Sanjiv Duggal, Vandana Luthra
Investment adviser:	HSBC Global Asset Management (Hong Kong) Limited

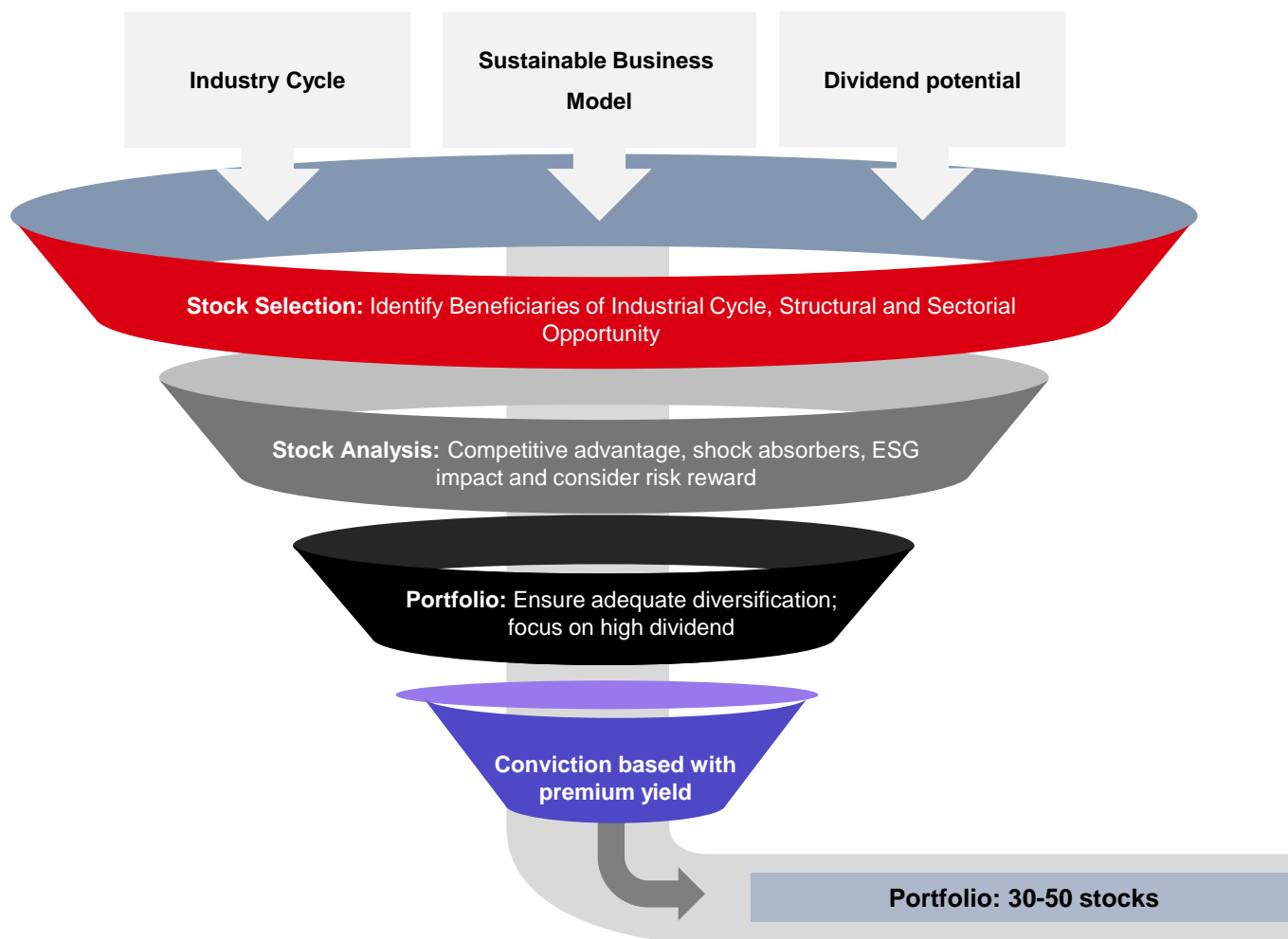
Source: HSBC Global Asset Management, as of 31 August 2020

Notes: 1. The Morningstar rating is a purely mathematical measure that shows how well a fund's past returns have compensated shareholders for the amount of risk it has taken on. 2. 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 dividend yield does not imply a positive return. The historical dividend yield may be higher or lower than the actual annual dividend yield. 3. Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document for further details including the risk factors. 4. Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target. For illustrative purposes only. 5. Benchmark is MSCI AC Asia Pacific ex Japan. 6. Quartile ranking is relative to peers in the Morningstar category = Asia-Pacific ex-Japan Equity Income, offshore territories.

## Investment Objective

The Fund aims to provide both dividend yield and total return (meaning capital growth and income). It does this by investing in the shares (or securities that are similar to shares) of Asia-Pacific (excluding Japan) companies. In normal market conditions, the Fund invests at least 90% of its assets in the shares of companies that are based in, or carry out most of their business in, Asia.

## Investment Process



The investment process is for illustrative purposes only, any allocation or investment are subject to change without prior notice. The number of stocks in the actual portfolio might differ from the numbers indicated above.

## What are some of the risks when investing in this fund?

**The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.**

- ▶ **Exchange rate risk:** Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations
- ▶ **Emerging market risk:** Emerging economies typically exhibit higher levels of investment risk. Markets are not always well regulated or efficient and investments can be affected by reduced liquidity
- ▶ **Derivative risk:** The value of derivative contracts is dependent upon the performance of an underlying asset. A small movement in the value of the underlying can cause a large movement in the value of the derivative. Unlike exchange traded derivatives, over-the-counter (OTC) derivatives have credit risk associated with the counterparty or institution facilitating the trade
- ▶ **Operational risk:** The main risks are related to systems and process failures. Investment processes are overseen by independent risk functions which are subject to independent audit and supervised by regulators

# Important Information

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