

HSBC OpenFunds

Global Strategy Sustainable Balanced Portfolio

Monthly report 31 July 2024 | Share class Inc 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 3 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.

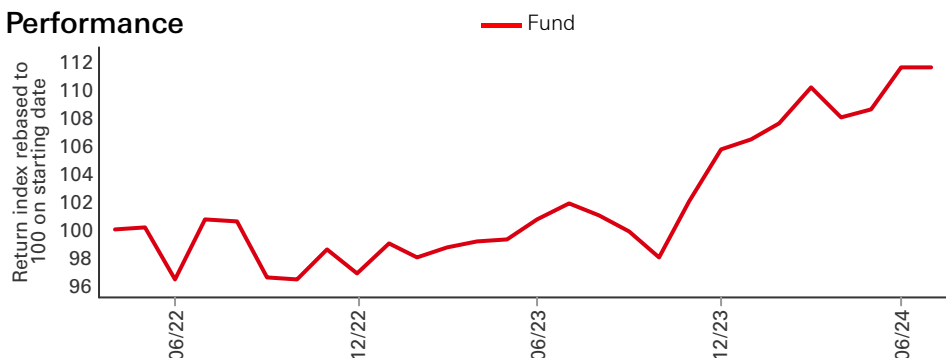
Investment strategy

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	GBP 1.10
Performance 1 month	-0.01%
Fund facts	
UCITS V compliant	No
UK reporting fund status (UKRS)	No
ISA eligible	Yes
Dividend treatment	Distributing
Distribution frequency	Semi-Annually
Dividend ex-date	16 April 2024
Dividend yield ¹	1.20%
Last paid dividend	0.002701
Dealing frequency	Daily
Valuation time	12:00 United Kingdom
Share class base currency	GBP
Domicile	United Kingdom
Inception date	25 April 2022
Fund size	GBP 29,994,954
Managers	Nicholas McLoughlin
Fees and expenses	
Minimum initial investment ²	GBP 1,000,000
Ongoing charge figure ³	0.310%
Codes	
ISIN	GB00BP95B079
Bloomberg ticker	GLSBPCG LN
SEDOL	BP95B07

¹Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.

²Please note that initial minimum subscription may vary across different distributors

³Ongoing 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.

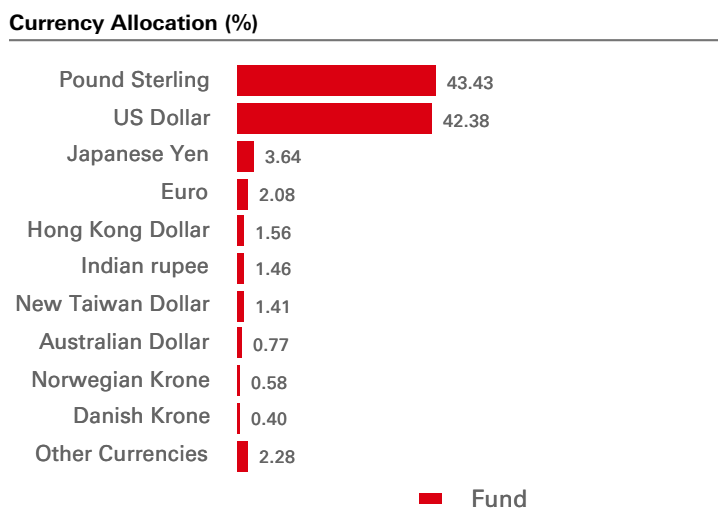
Source: HSBC Asset Management, data as at 31 July 2024

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
Inc C	5.53	-0.01	3.28	4.84	9.62	--	--	4.97

Rolling performance (%)	31/07/23-31/07/24	31/07/22-31/07/23	31/07/21-31/07/22	31/07/20-31/07/21	31/07/19-31/07/20
Inc C	9.62	1.09	--	--	--

Carbon footprint	Fund	Broad market index	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	128.52	178.28	Fund	7.1	6.7	6.0	6.2
			Broad market index	6.5	6.3	5.7	6.0

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO₂e/USD million revenue)
 Source: S&P Global Trucost



Sustainable investment style (%)

Style	Fund
Equities - Positive Screening	57.22
Bonds - Positive Screening	35.27
Cash	1.12
Alternatives - Sustainable Thematic	6.39

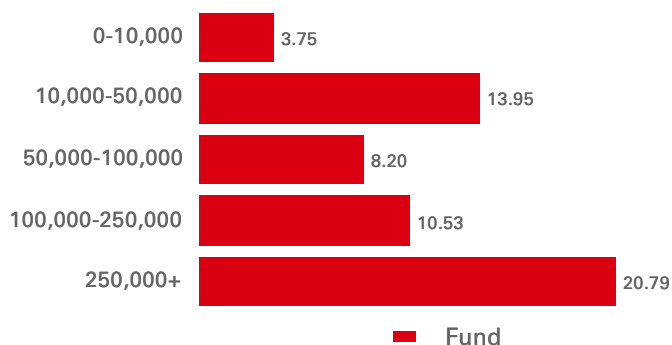
Top 10 holdings

Holdings	Weight (%)
HSBC USA Sustainable Equity ETF	31.85
HSBC GFI-GSGB UCS ETF-ZQHUSD	26.12
HSBC Emerging Market Sustainable Eq ETF	6.48
Amundi US Corp SRI - DR	6.46
HSBC FTSE EPRA DEV CPA USD A	6.39
HSBC EUROPE EX UK SUS EQUITY	6.20
HSBC Japan Sustainable Equity ETF	5.69
USA Sustainable Equity Index Instl Acc	4.62
Amundi Euro Corporate SRI - DR	2.67
HSBC UK Sustainable Equity ETF	1.33

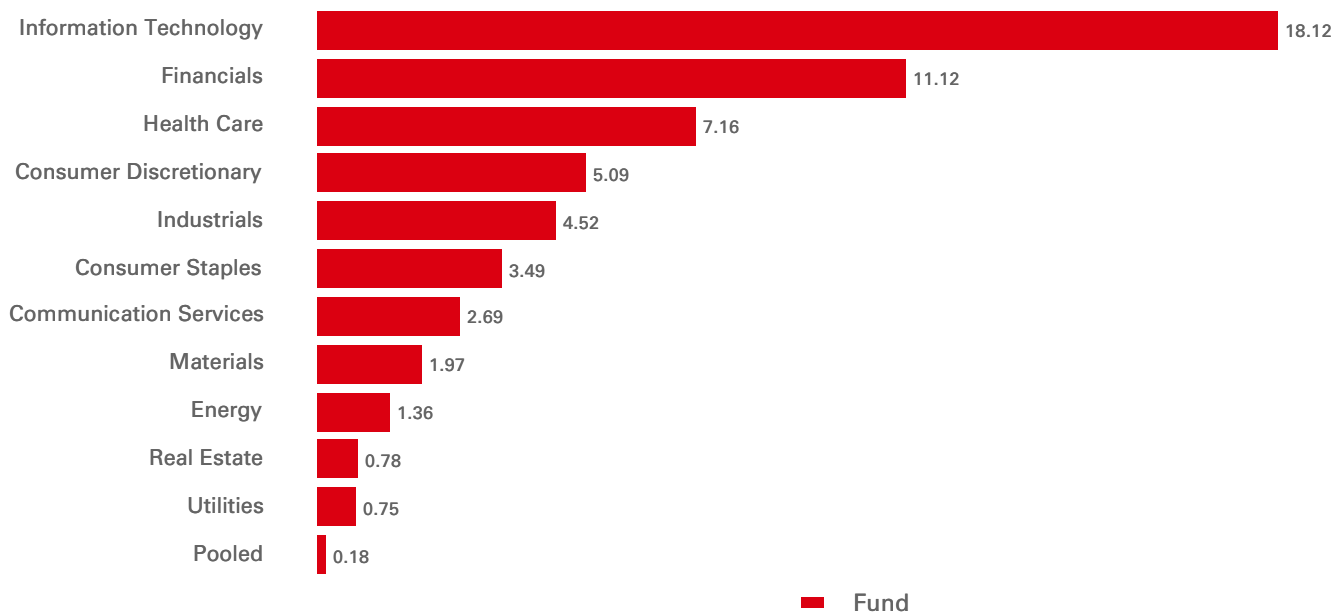
Equity top 10 holdings	Location	Sector	Weight (%)
Microsoft Corp	United States	Information Technology	3.90
Apple Inc	United States	Information Technology	3.65
Johnson & Johnson	United States	Health Care	2.95
Visa Inc	United States	Financials	2.66
NVIDIA Corp	United States	Information Technology	2.03
Cisco Systems Inc	United States	Information Technology	1.35
Amazon.com Inc	United States	Consumer Discretionary	0.97
Taiwan Semiconductor Co Ltd	Taiwan	Information Technology	0.95
Schneider Electric SE	United States	Industrials	0.68
Toyota Motor Corp	Japan	Consumer Discretionary	0.51

Equity characteristics	Fund	Reference Benchmark
Average market cap (GBP Mil)	563,050	--
Price/earning ratio	16.65	--
Portfolio yield	1.99%	--

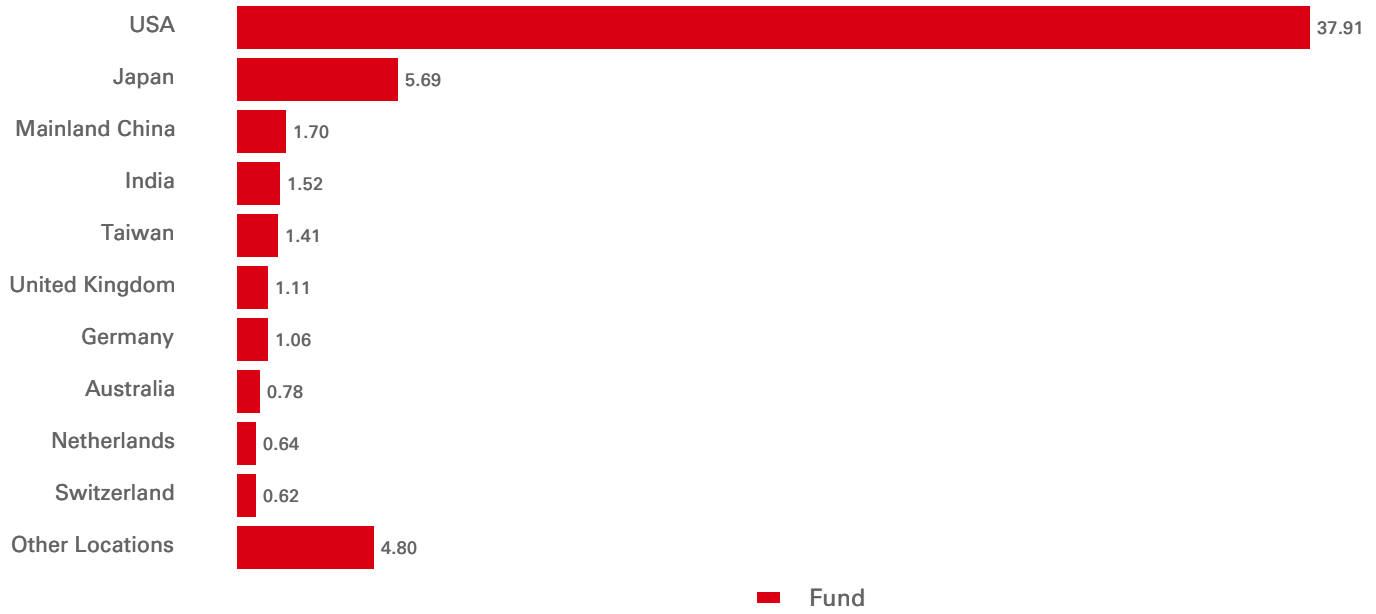
Market cap allocation (GBP Mil %)



Equity sector allocation (%)



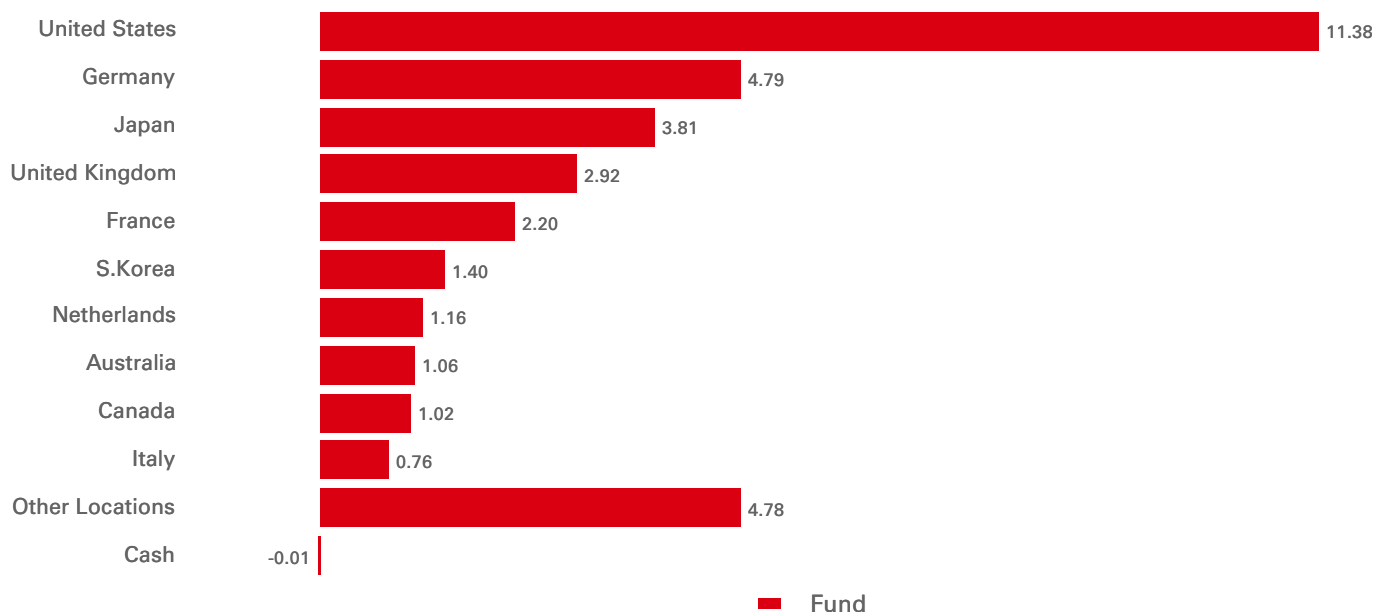
Equity geographical allocation (%)



Fixed Income Characteristics	Reference			Credit rating (%)	Reference		
	Fund	Benchmark	Relative		Fund	Benchmark	Relative
Yield to worst	4.63%	--	--	AAA	8.60	--	--
Yield to maturity	4.63%	--	--	AA	12.89	--	--
Option adjusted duration	7.25	--	--	A	8.94	--	--
Rating average	AA/AA-	--	--	BBB	4.84	--	--
				BB	0.00	--	--
				NR	0.00	--	--
				Cash	-0.01	--	--

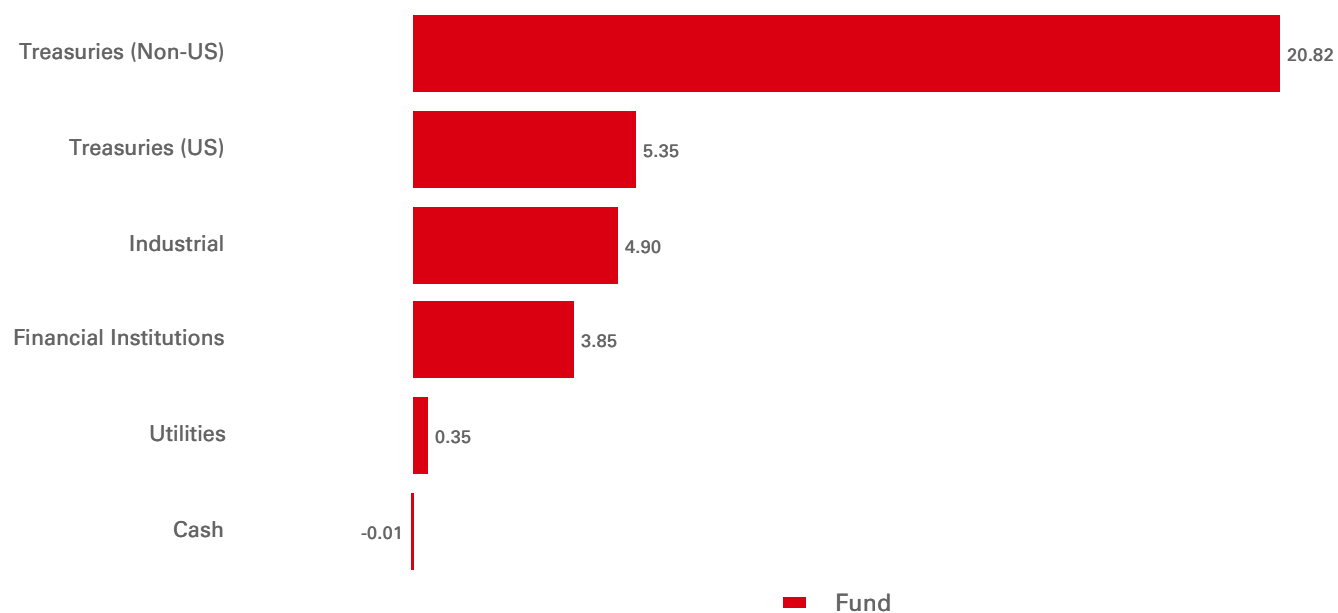
Fixed income top 10 holdings	Location	Instrument type	Weight (%)
UNITED KINGDOM GILT 0.375 22/10/2026 GBP	United Kingdom	Government Bond	0.25
US TREASURY N/B 4.250 31/01/2026 USD	United States	Treasury Note	0.23
UNITED KINGDOM GILT 4.625 31/01/2034 GBP	United Kingdom	Government Bond	0.20
United Kingdom Gilt 0.875% 22/10/2029 GBP 0.01	United Kingdom	Government Bond	0.18
BUNDESREPUB. DEUTSCHLAND 0.500 15/02/2028 EUR	Germany	Government Bond	0.16
BUNDESSCHATZANWEISUNGEN 2.500 19/03/2026 EUR	Germany	Government Bond	0.16
BUNDESREPUB. DEUTSCHLAND 0.250 15/02/2027 EUR	Germany	Government Bond	0.16
BUNDESREPUB. DEUTSCHLAND 2.600 15/08/2033 EUR	Germany	Government Bond	0.16
BUNDESREPUB. DEUTSCHLAND 0.000 15/08/2026 EUR	Germany	Government Bond	0.15
BUNDESREPUB. DEUTSCHLAND 0.250 15/08/2028 EUR	Germany	Government Bond	0.14

Fixed income geographical allocation (%)

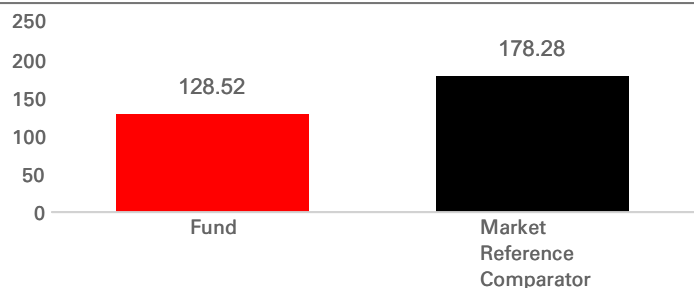


Geographical allocation (Option adjusted duration)	Fund	Reference Benchmark	Relative
United States	2.09	--	--
Japan	0.97	--	--
Germany	0.96	--	--
United Kingdom	0.71	--	--
France	0.42	--	--
S.Korea	0.40	--	--
Netherlands	0.26	--	--
Canada	0.19	--	--
Australia	0.17	--	--
Austria	0.15	--	--
Other Locations	0.97	--	--
Cash	0.00	--	--

Fixed income sector allocation (%)

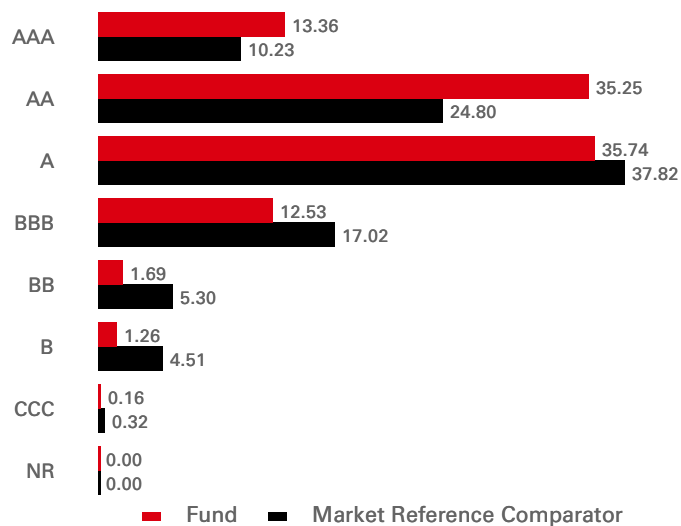


Carbon intensity emissions (%)



Over the month, the average carbon intensity of the market benchmark was measured at 177.7 tCO₂e. Our investment approach resulted in a reduction of 29%, meaning the carbon intensity of the portfolio was measured at 125.7 tCO₂e.

ESG score distribution (%)



84% of the underlying issuers held by the fund are rated AAA-A, compared to 73% of those in the reference benchmark. The average ESG score for the underlying issuers held by the fund is 7.12, while that of the reference benchmark securities was 6.54.

Stewardship

Stewardship in Action – Multi-pronged approach to engaging with a leading Asian technology company.

Themes of focus: Corporate governance, trusted technology & data, human rights

Background - In 2022, the company was downgraded to non-compliant with UN Global Compact Principle 2 by one of our third-party ESG data providers for its involvement in “censorship and surveillance of its users on behalf of a government.” We engaged with the company to set objectives on improving transparency of on content censorship to address the salient human rights issues, while being sensitive to its need to comply with local laws and regulations to maintain license to operate. We conducted an internal enhanced due diligence to assess our human rights concerns.

Desired Action from the company

Social - Provide more transparency and details on company’s content censorship procedures and criteria; Publish transparency reports of user data requests by third parties including regulators/authorities; Develop a human rights due diligence framework; Develop a responsible/ethical Artificial Intelligence governance and risk management framework; Disclose gender pay gap, publish more granular data on staff turnover.

Governance - Consider board governance improvements, including separation of Chair and CEO, appointment of additional independent non-executive directors, develop a board skills matrix and commit to conducting a board evaluation exercise.

Engagement process - In 2023, we engaged the company four times. During our engagement, we reinforced our expectations on material issues including transparency reporting on how user data is used, responsible use of technology and board governance. We shared examples of good practice.

Voting process

In 2023, we voted against the longest serving Nomination committee member due to the company having less than 20% gender diversity.

Outcome & Next Steps - We are encouraged by the company’s progress, as well as the independent director’s promise to share our feedback and expectations back to the board and senior management. To date the company has enhanced board independence (from 50% to 63%), and diversity in expertise and gender (from 13% to 25%). Streamlined disclosures of platform user agreements, privacy policies and content moderation procedures. Published enhanced data privacy and protection disclosures.

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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This fund typically invests at least 70% of its value in sustainable investment strategies as described in the Prospectus. It does not invest in companies involved in the manufacture of cluster munitions or anti-personnel mines. The fund is not guaranteed to outperform those which do not meet sustainability criteria.

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Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at www.assetmanagement.hsbc.co.uk

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

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Glossary

