**Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product Name:** HSBC GLOBAL INVESTMENT FUNDS - GLOBAL EQUITY SUSTAINABLE HEALTHCARE

**Legal Entity Identifier:** 213800J1JR4OJRQIMV56

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Did this financial product have a sustainable investment objective?**

| ☐ Yes | ☑ No |
|---|---|
| ☐ It made **sustainable investments with an environmental objective: _%** | ☑ It **promoted Environmental/ Social (E/S) characteristics and** while it did not have as its objective a sustainable investment, it had a proportion of 43.68% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☑ with a social objective |
| ☐ It made **sustainable investments with a social objective: _%** | ☐ It promoted E/S characteristics, but **did not make any sustainable investments** |

## To what extent were the environmental and/or social characteristics promoted by this financial product met?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

During the financial year ended 31 March 2024 (the Reference Period), the sub-fund promoted the following:

1. The sub-fund invested in a concentrated portfolio of equities of companies that benefitted from increasingly constrained healthcare budgets world-wide.
2. The sub-fund considered responsible business practices in accordance with United Nations Global Compact (UNGC) and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises principles for businesses. Where instances of potential violations of UNGC principles were identified, issuers were subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the sub-fund's portfolio and, if deemed unsuitable, were excluded.
3. The sub-fund excluded business activities that were deemed harmful to the environment, such as thermal coal extraction and coal-fired power generation.
4. The sub-fund identified and analysed company's social characteristics, including but not limited to patient access to care.

5. The sub-fund actively considered environmental and social issues by engagement completed by our Engagement and Stewardship teams, which included proxy voting.

The sustainability indicator scores are calculated as per HSBC Asset Management's proprietary methodology and third party ESG data providers. Consideration of individual PAIs (indicated in the table below by their preceding number). The data used in the calculation of PAI values are sourced from data vendors. They can be based on company disclosures or estimated by the data vendors in the absence of company reports. Please note that it is not always possible to guarantee the accuracy, timeliness or completeness of data provided by third-party vendors.

The reference benchmark for sub-fund market comparison purposes was not designated for the purpose of attaining the social characteristics of the sub-fund.

The performance of the sustainability indicators the sub-fund used to measure the attainment of the social characteristics that it promoted can be seen in the table below.

### *How did the sustainability indicators perform?*

| Indicator | sub-fund | Reference Benchmark |
|---|---|---|
| Sustainable Healthcare Score - Cost Savings | 0.29 | N/A |
| Sustainable Healthcare Score - Clinical Outcomes | 0.74 | N/A |
| 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 0.00% | 0.00% |
| 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | 0.00% | 0.00% |

The data in this SFDR Periodic Report are as at 31 March 2024, Based on the four-quarter average holdings of the financial year ending on 31 March 2024.

Reference Benchmark - MSCI World Health Care

### *...and compared to previous periods?*

| Indicator | Period Ending | sub-fund | Reference Benchmark |
|---|---|---|---|
| Sustainable Healthcare Score - Cost Savings | 31 March 2024<br>31 March 2023 | 0.29<br>0.31 | N/A<br>N/A |
| Sustainable Healthcare Score - Clincal Outcomes | 31 March 2024<br>31 March 2023 | 0.74<br>0.84 | N/A<br>N/A |
| 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 31 March 2024<br>31 March 2023 | 0.00%<br>0.00% | 0.00%<br>0.00% |
| 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | 31 March 2024<br>31 March 2023 | 0.00%<br>0.00% | 0.00%<br>0.00% |

This is only the second SFDR Periodic report and as such there is no comparison required prior to then.

***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The sustainable investments made by the sub-fund contributed to the social objectives.

The sub-fund aimed to provide long term total return by investing in a concentrated portfolio of equities of companies that may benefit from increasingly constrained healthcare budgets world-wide, while promoting ESG characteristics within the meaning of Article 8 of the European Union's SFDR.

The sub-fund aimed to identify and analyse companies' key products or services which might help reduce overall healthcare spend as an integral part of the investment decision made process to reducing the negative social impact of reduced access to health care and enhancing returns.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

We can confirm that the do no significant harm analysis was completed as part of HSBC Asset Management's (HSBC) standard investment process for sustainable assets, which included the consideration of Principal Adverse Impacts.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

The Investment Adviser reviewed all SFDR mandatory Principal Adverse Impacts (PAIs) to assess the relevance to the sub-fund. HSBC's Responsible Investment Policy set out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considered ESG sustainability risks as these could adversely impact the securities the sub-funds invested in. HSBC used third party screening providers, such as Sustainalytics, ISS, MSCI and Trucost to identify companies and governments with a poor track record in managing ESG risks and, where any such material risks were identified, HSBC also carried out further ESG due diligence. Sustainability impacts, including the relevant PAIs, identified by screening were a key consideration in the investment decision making process.

The specific PAIs for this sub-fund were as set out below.

HSBC's Responsible Investment Policy is available on the website at: www.assetmanagement/hsbc/about-us/responsible-investing/policies.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

HSBC was committed to the application and promotion of global standards. Key areas of focus for HSBC's Responsible Investment Policy were the ten principles of the UNGC. These principles included nonfinancial risks such as human rights, labour, environment, and anti-corruption. HSBC was also a signatory of the UN Principles of Responsible Investment. This provided the framework used in HSBC's approach to investment by identifying and managing sustainability risks. Companies in which the sub-fund invested would be expected to comply with the UNGC and related standards. Companies having clearly violated one of the ten principles of the UNGC were systematically excluded. The sub-fund conducted enhanced due diligence on companies that were considered to be non-compliant with the UNGC Principles or were considered to be high risk as determined by HSBC's proprietary ESG ratings. Companies were also evaluated in accordance with international standards like the OECD Guidelines.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

## How did this financial product consider principal adverse impacts on sustainability factors?

The sub-fund considered the following PAIs by monitoring them as a sustainability indicators:

- Violation of UNGC and OECD principles
- Share of investment involved in controversial weapons

The approach taken to consider PAIs meant that, among other things, HSBC scrutinised companies' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. HSBC also paid attention to the robustness of corporate governance and political structures which included the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies, as well as audit trails. Governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance were also taken into account.

As a result of such screening, HSBC did not invest in certain companies and issuers.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: Based on the four-quarter average holdings of the reference period as at 31/03/2024

## What were the top investments of this financial product?

| Largest Investments | Sector | % Assets | Country |
|---|---|---|---|
| Eli Lilly and Company | Health Care | 6.38% | United States of America |
| Novo Nordisk A/S Class B | Health Care | 4.99% | Denmark |
| UnitedHealth Group Incorporated | Health Care | 4.84% | United States of America |
| McKesson Corporation | Health Care | 4.08% | United States of America |
| Vertex Pharmaceuticals Incorporated | Health Care | 3.97% | United States of America |
| Tenet Healthcare Corporation | Health Care | 3.54% | United States of America |
| Boston Scientific Corporation | Health Care | 3.43% | United States of America |
| Neurocrine Biosciences, Inc. | Health Care | 3.41% | United States of America |
| DexCom, Inc. | Health Care | 3.14% | United States of America |
| Elevance Health, Inc. | Health Care | 2.99% | United States of America |
| Regeneron Pharmaceuticals, Inc. | Health Care | 2.91% | United States of America |
| argenx SE ADR | Health Care | 2.69% | Netherlands |
| AstraZeneca PLC | Health Care | 2.63% | United Kingdom of Great Britain and Northern Ireland |
| United Therapeutics Corporation | Health Care | 2.58% | United States of America |

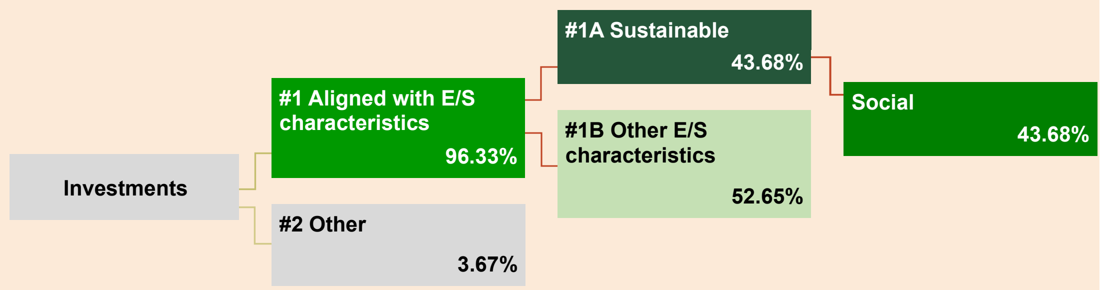
Cash and derivatives were excluded

## What was the proportion of sustainability-related investments?

43.68% of the portfolio was invested in sustainable assets.

**Asset allocation** describes the share of investments in specific assets.

### *What was the asset allocation?*




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

### *In which economic sectors were the investments made?*

| **Sector** / *Sub-Sector* | **% Assets** |
|---|---|
| Health Care | 95.79% |
| Cash & Derivatives | 2.97% |
| Consumer Staples | 1.24% |
| Total | 100.00% |

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The proportion of sustainable investments aligned with the EU Taxonomy was 0%. The sub-fund did not make any commitment to make any EU Taxonomy aligned investments.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☑ No

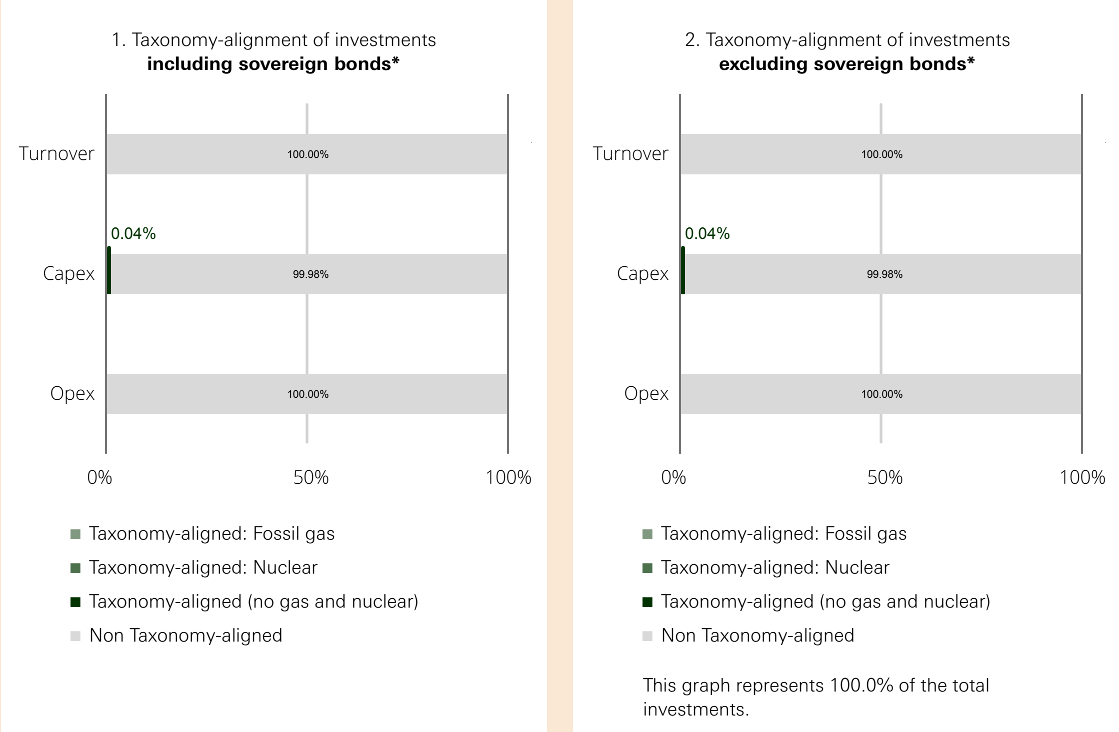
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

***The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

### *What was the share of investments made in transitional and enabling activities?*

For the reference period fund's share of investment in transitional activities was 0.00% and the share of investment in enabling activities was 0.00%.

### *How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?*

| Indicator | 2023-2024 | 2022-2023 |
|---|---|---|
| Revenue - Taxonomy-aligned: Fossil gas | N/A | 0.00% |
| Revenue - Taxonomy-aligned: Nuclear | N/A | 0.00% |
| Revenue - Taxonomy-aligned (no gas and nuclear) | N/A | 0.00% |
| Revenue - Non Taxonomy-aligned | 100.00% | 100.00% |
| CAPEX - Taxonomy-aligned: Fossil gas | N/A | 0.00% |
| CAPEX - Taxonomy-aligned: Nuclear | N/A | 0.00% |
| CAPEX - Taxonomy-aligned (no gas and nuclear) | 0.04% | 0.00% |
| CAPEX - Non Taxonomy-aligned | 99.98% | 100.00% |
| OPEX - Taxonomy-aligned: Fossil gas | N/A | 0.00% |
| OPEX - Taxonomy-aligned: Nuclear | N/A | 0.00% |
| OPEX - Taxonomy-aligned (no gas and nuclear) | N/A | 0.00% |
| OPEX - Non Taxonomy-aligned | 100.00% | 100.00% |

As this was only the second reporting period for the sub-fund, no comparision is required prior to that.

are sustainable investments with an environmental objective that **do not take into account the criteria for** environmentally sustainable economic activities under Regulation (EU) 2020/852.

### What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The sustainable investments with an environmental objective not aligned with the EU Taxonomy were 0% as the sub-fund has a social objective.

### What was the share of socially sustainable investments?

The sub-fund made 43.68% of socially sustainable investments.

### What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

#2 Other includes those financial instruments which are not aligned with the social characteristics of the sub-fund and do not qualify as sustainable investments. In some instances, this is due to non-availability of data and corporate actions. These holdings were still subject to HSBC's full set of exclusions screening and were considered for responsible business practises in accordance with UNGC and OECD principles.

The sub-fund held cash/cash equivalents (the percentage of cash held can be seen in the above sector/sub-sector table under the heading 'In which economic sectors were the investments made?') for the purposes of liquidity management as well as financial derivative instruments for the purposes of efficient portfolio management. Cash/cash equivalents and financial derivatives instruments do not have minimum environmental or social safeguards applied due to the nature of these instruments.

## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The core of our process aimed to identify companies offering products/services which helped reduce the total cost of care while delivering improved clinical outcomes for patients. Through this process we addressed affordability of care, which represented the biggest challenge jeopardising suitability of healthcare. Lack of affordability of healthcare negatively impacts patients and also impacts company revenues when fewer or no products are sold. The main element of our process consisted of our proprietary sustainability index to assess affordability. The process was completed by a more traditional assessment of a company through a financial, regulatory, clinical, product and completion lenses.

The first factor was the sustainability index which assessed the ability of companies to address the change in customer needs; it related to the combined need for improved clinical outcomes and affordability/cost-savings. To assess clinical differentiation i.e. how much better or worse a product or service is compared to what is current used or used alternatively, we separate clinical differentiation into different six attributes - Clinical outcomes, Onset, Durability, Safety, Convenience and Patient-reported outcomes.

The relevance and importance of each attribute varied between diseases, indication or setting in which a product or service was used. Weightings were assigned based on the relevance of each attribute in a specific setting by the Investment Adviser using their expertise. Subsequently each relevant attribute was rated using a scale ranging from -3 to +3, with zero being considered equal to current practice, +1/-1 slightly better/inferior, +2/-2 better/inferior, +3/-3 significantly better/inferior. Published clinical and scientific literature was used a basis for the ratings and the Investment Adviser used their expertise when determining ratings. The overall score for a product /service clinical differentiation score was computed by using a weighted average of the attribute scores. When several products were used to assess a company, each product/service clinical differentiation score was weighted by its net present revenue contribution.

The second factor was cost-savings: i.e. how much a product or service was saving or adding in terms of costs compared to that currently used, or used alternatively. We allocated cost-savings into four different attributes - Cost-effectiveness, Cost-offset, Price and Volume. Published health economics data and additional information from communications with the company were used as the basis for the ratings. Each attribute was rated by using a scale ranging from -3 to +3 with zero being considered equal to what current treatment/service cost, +1/-1 slightly better/inferior, +2/-2 better/inferior, +3/-3 significantly better/inferior.

The overall score for a product/service cost savings score was computed by using a weighted average of each attribute score, weighted by the relevance of each attribute. When several products were used to assess a company, each product/service cost-savings score was weighted by its net present revenue contribution.

A company was deemed sustainable - according to our sustainability index - if the company scores on both clinical differentiation and cost-saving were neutral to positive i.e. 0 to +3. In other words, these companies have a value proposition which is clinically and economically equivalent, or better than alternatives, and therefore have a good chance of positive triple impact on the patients the bill payers and the healthcare provider.

## How did this financial product perform compared to the reference benchmark?

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.