HSBC RIF EUROPE EQUITY GREEN TRANSITION

EUR Share Class A

Monthly Report

November 2023

GREENFIN LABEL
FRANCE FINANCE VERTE

TOWARDS SUSTAINABILITY

Label ISR
INVESTISSEMENT SOCIALEMENT RESPONSABLE

This monthly report is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

HSBC Asset Management

Investment Objective

The sub-fund is classified as « international equities » by the AMF and aims to maximize performance over the recommended investment period of 5 years by investing in a portfolio of stocks issued by companies that have a significant share of activities related to the Energy and Ecological Transition theme.
This sub-fund has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 known as Sustainable Finance Disclosure (SFDR)).
The sub-fund does not have an official benchmark, but for information purposes, the sub-fund can be compared to the broad indices that are representative of the European equity market, such as MSCI Europe GDP Weighted.
The sub-fund is actively managed. The benchmark is used to assess performance. There is no constraint on the indicator used when building the portfolio.

Investment process

HSBC Europe Equity Green Transition can be considered by investors looking to allocate savings to companies participating actively in the Energy and Ecological Transition. The scope of this fund is aligned with the HSBC Group's initiatives, supporting climate and ESG / SRI. The fund's principles of sustainability contribute to the development of HSBC's sustainable activities over the long term, aimed at offering investment products that finance best practices in terms of Environmental, Social / Societal and Governance (ESG) and climate risk management issues.
HSBC Europe Equity Green Transition's investment management process aims to identify companies that generate revenues in activities related to the Energy and Ecological Transition (green intensity).
It excludes companies with businesses linked to fossil fuels and the nuclear industry.
The weight of each company held in the portfolio is determined by the company's « green » revenues, ESG rating, carbon emissions, financial valuation and liquidity. Investments are taken with a long-term investment horizon. The composition of the portfolio will evolve over time, depending on changes relevant to business activity, ESG behavior and/or financial characteristics.

Labels

At the end of 2015, the French public authorities set up two labels, a Socially Responsible Investment (SRI) label and a label dedicated to green finance, the GREENFIN label (formerly known as the « Energy and Ecological Transition for Climate » label), each of which meets strict requirements to make financial products known as « responsible » or « green » more readable.

The objective of the GREENFIN label is to direct part of the savings for the benefit of the energy and ecological transition. It guarantees the green share of the companies selected in the portfolio.
https://www.ecologique-solidaire.gouv.fr/label-greenfin

The SRI Label guarantees that labeled funds are a responsible and sustainable investment and have a structured, rigorous and transparent management process.
https://www.lelabelisr.fr/

In order to define minimum requirements for sustainable products, Febelfin (Belgian Financial Sector Federation) has developed a quality standard through the « Towards Sustainability » label. This label guarantees clarity and transparency around sustainable investments and help investors to find sustainable products.

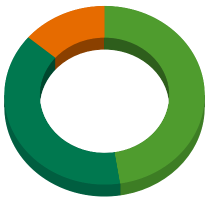
It guarantees that the investment process complies with the main principles of responsible investment, the implementation of a climate approach and the principle of « avoiding harm », as well as the publication of investment policies on the most controversial societal topics.
Independent supervision by the Central Labeling Agency (CLA) protects the integrity of the quality standard and the label, and will manage their continuing development.
https://www.towardssustainability.be/en

Extra-financial data at 30/11/2023

In line with our vision of climate issues and the will of HSBC Global Asset Management (France) to play its role in the Energy and Ecological Transition, the fund looks to invest in companies making efforts to decarbonise the economy. The portfolio does not target an immediate reduction in carbon footprint, instead investments are made with an aim to support the transformation of the European economies to a long term model of Energy and Ecological efficiencies.

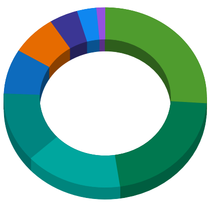
Green Intensity

Breakdown of companies by degree of green intensity*



Moderate Green Intensity	47,5 %
Strong Green Intensity	38,7 %
Complementary sustainable investments	13,8 %
Total:	100,0 %

Breakdown by sectors of activities related to the Energy and Ecological Transition*



Green buildings	26,0 %
Circular Economy	21,6 %
Industry - Energy Efficiency	15,4 %
Renewable Energies	12,5 %
Transport - Sustainable Mobility	8,0 %
Diversification	7,2 %
Technology & telecommunications	4,5 %
Adaptation - Adaptation Solutions	3,1 %
Organic Agriculture - Forets	1,5 %
Total:	100,0 %

*Source : HSBC Global Asset Management (France)

Activities related to the Energy and Ecological Transition are determined on the basis of nomenclatures adapted to the theme and the management objective of the fund, such as the Climate Bond Initiative (CBI) classification or that proposed by the label dedicated to green finance, the GREENFIN label (formerly known as the "Energy and Ecological Transition for Climate" label)

In its construction, the portfolio focuses on investing in companies with significant revenues associated with the Energy and Ecological Transition (more than 10%, for a minimum of 75% of the portfolio's assets). The rest of the portfolio will be invested either in companies related to the theme but whose activities are not identified by the aforementioned naming conventions, or in companies that are considered to be best in their sector in terms of their ESG rating. The aim is to maintain sufficient diversification and good risk management of the portfolio.

Strong green intensity: more than 50% of turnover is generated by activities contributing directly or indirectly to « green growth ».
Moderate green intensity: between 10% and 50% of turnover activities directly or indirectly contributing to a « green growth ».

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Extra-financial data at 30/11/2023

ESG Rating

(Coverage rate of rated companies, expressed as a percentage of net assets)

	ESG Rating (1)				Coverage rate (1)
	ESG	E	S	G	
Portfolio	6.51	7.02	5.75	6.91	100.00%
Investment Universe (2)	6.10	7.00	5.46	6.22	99.60%

(1) Source : HSBC Global Asset Management (France)
(2) MSCI Europe GDP weighted

Top holdings with the best ESG rating (3)

Holdings	Weight	E	S	G	ESG
GRENERGY RENOVABLES	1.51%	9.30	6.20	7.80	7.92
KPN NV-KONINKLIJKE	2.72%	10.00	7.50	7.70	7.83
DSM-FIRMENICH AG	1.42%	7.60	8.40	7.40	7.78
VERBUND AG CL A	3.08%	9.20	5.90	7.30	7.64
AVIVA PLC	2.02%	10.00	6.30	7.40	7.59

Top holdings with the worst ESG rating (3)

Holdings	Weight	E	S	G	ESG
BUCHER INDUSTRIES AG	1.43%	4.10	6.30	4.60	5.08
GEORG FISCHER SA	1.54%	5.10	4.50	7.20	5.28
CAPGEMINI	1.72%	6.70	3.80	7.10	5.41
SPIE SA	2.99%	10.00	2.30	6.40	5.48
PRYSMIAN SPA	3.11%	4.20	5.90	6.80	5.49

(3) Scope of rated holdings.

Main Industry Sectors with the best ESG rating (2)

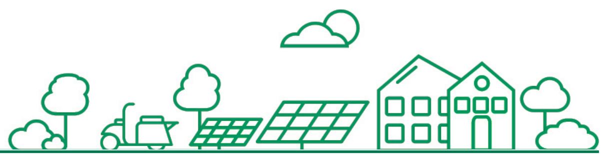
Industry Sector	Weight	E	S	G	ESG
Telecommunication Services	2.72%	10.00	7.50	7.70	7.83
Insurance	5.23%	8.35	6.70	7.25	7.31
Semiconductors & Semiconductor Equipment	5.84%	5.90	8.40	7.35	7.09
Utilities	15.19%	8.13	5.57	6.54	6.89
Transportation	2.23%	7.00	5.40	7.80	6.84

Main Industry Sectors with the worst ESG rating (2)

Industry Sector	Weight	E	S	G	ESG
Retailing	2.04%	5.90	5.40	6.30	5.77
Food & Staples Retailing	1.83%	6.70	5.00	6.30	6.11
Software & Services	4.51%	7.20	5.45	6.70	6.13
Capital Goods	33.94%	6.03	5.66	6.65	6.15
Automobiles & Components	3.79%	6.40	5.55	7.60	6.39

We assign a rating: an Environmental Rating (E), a Social Rating (S), a Governance Rating (G), and finally an Overall Portfolio's Rating (ESG).
The scale of rating ranges from 0 to 10, 10 being the best rating.
The overall rating is calculated based on the weight of the pillars E, S and G inherent in each sector according to our internal rating process.
The overall portfolio's ESG rating is the weighted average of the ESG ratings by the weight of each rated stock of the portfolio. ESG rating of the investment universe is the weighted average ESG ratings by the weight of each rated stock of the investment universe.

For more details on the portfolio, the methodologies used and the ESG approach, please refer to the transparency code by clicking here.



Carbon Intensity

	Carbon Intensity (3)	**Coverage rate** (4)
Portfolio	106.1	100.00%
Investment Universe (2)	126.0	99.30%

(2) MSCI Europe GDP weighted
(3) Carbon intensity expressed in tons of CO_2/USD M of turnover.
Source: TRUCOST, world leader in measuring companies' carbon footprint. Trucost is a supplier of extra-financial data related to environmental impacts and GHG emissions published by companies.
(4) Source : HSBC Global Asset Management (France). Coverage rate of companies with carbon intensity, expressed as a percentage of net assets.

Top holdings with lowest intensity carbon (5)

Holdings	Carbon Intensity	Weight
ENCAVIS AG	0.7	1.35%
AVIVA PLC	1.0	2.02%
MUENCHENER RUECK- NOMINATIF	1.3	3.21%
GRENERGY RENOVABLES	3.0	1.51%
CAPGEMINI	4.6	1.72%

Top holdings with highest intensity carbon (5)

Holdings	Carbon Intensity	Weight
VEOLIA ENVIRONNEMENT	910.0	3.03%
NORSK HYDRO AS	649.9	2.78%
UPM-KYMMENE OYJ	445.9	1.97%
STORA ENSO OYJ - R (EURO)	236.3	1.56%
APERAM	207.0	1.30%

(5) Scope of covered holdings.

Main industry sectors with low carbon intensity (4)

Industry Sector	Carbon Intensity	Weight
Insurance	1.2	5.23%
Software & Services	7.5	4.51%
Commercial & Professional Services	13.1	6.09%
Food & Staples Retailing	16.5	1.83%
Retailing	31.5	2.04%

Main industry sectors with high carbon intensity (4)

Industry Sector	Carbon Intensity	Weight
Materials	257.0	14.13%
Utilities	167.3	15.19%
Automobiles & Components	82.3	3.79%
Transportation	67.8	2.23%
Semiconductors & Semiconductor Equipment	54.0	5.84%

The carbon intensity measures CO_2 emissions relative to the company's turnover and allows the comparison of issuers. Nevertheless, the carbon intensity does not reflect the dynamics of the energy transition strategies put in place by the companies. HSBC RIF - Europe Equity Green Transition may need to invest in companies that are carbon-intensive today but provide innovative technical solutions for the longer-term energy transition.
The Carbon Intensity corresponds to the volume of CO_2 emitted for 1 million dollars of turnover achieved. To calculate this intensity, we take into account not only the direct emissions related to the company's operations (Scope 1) but also those related to the supply of the necessary energy (Scope 2).

Company Carbon Intensity (tons of CO_2/USD M of turnover) = (**Scope 1 + Scope 2**) / USD M of turnover

Scope 1: Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company
Scope 2: Greenhouse gas emissions from consumption of energy by the company

The overall carbon portfolio's intensity is the sum of the firm's carbon intensities multiplied by the amounts held in the portfolio divided by the sum of amounts held with carbon intensities. Carbon data is provided by **Trucost**, a leader in carbon and environmental risk and data analysis and a subsidiary of S&P Dow Jones Indices.

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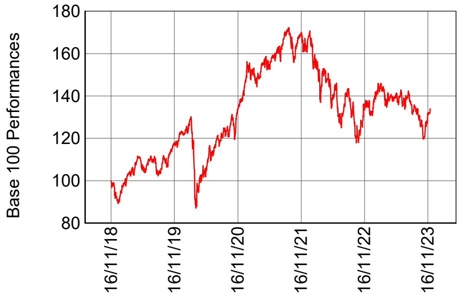
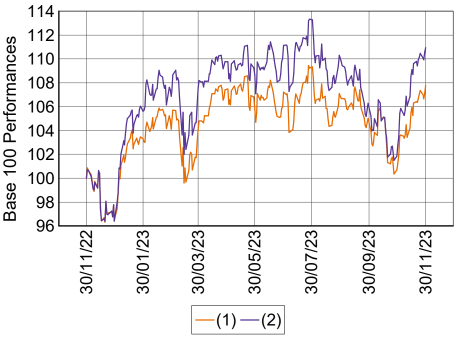
Performance and risk analysis

Fund's performance



Indices performances over 1 year



(1) : MSCI Europe Net
(2) : MSCI EMU Net

Net Cumulated performance

	1 month	1 year	3 years	5 years	16/11/2018*
Portfolio	9.40%	-0.82%	-2.92%	36.72%	34.03%
Benchmark**	6.91%	10.47%	30.04%	46.25%	46.17%

**for comparison only.

Indicators & ratios (weekly)

	1 year	3 years	5 years	16/11/2018*
Fund's volatility	15.35%	17.91%	21.48%	21.51%
Sharpe ratio	-0.38	-0.07	0.28	0.24

Net performance by calendar year

	2023	2022	2021	2020	2019	2018
Portfolio	2.51%	-22.32%	14.76%	19.97%	34.44%	-9.05%
Benchmark**	14.29%	-9.88%	23.34%	-3.32%	26.58%	-5.97%

**for comparison only

Net monthly performance by calendar year

	2023	2022	2021	2020	2019	2018
January	7.87%	-6.93%	0.73%	0.20%	8.43%	
February	1.35%	-2.58%	-1.13%	-6.01%	4.57%	
March	-0.98%	-1.25%	5.12%	-15.27%	0.61%	
April	-1.41%	-1.93%	1.08%	7.58%	6.95%	
May	-2.63%	-2.68%	1.59%	5.00%	-6.30%	
June	2.34%	-11.75%	1.51%	3.24%	5.69%	
July	1.46%	11.24%	2.36%	2.26%	-1.40%	
August	-3.87%	-6.00%	4.01%	6.15%	-2.45%	
September	-3.59%	-9.28%	-6.16%	0.44%	4.43%	
October	-6.31%	5.74%	4.35%	-2.24%	3.14%	
November	9.40%	6.13%	-3.20%	13.85%	3.46%	-1.97%
December		-3.24%	4.19%	6.25%	3.80%	-7.35%

The performance figures relate to the past performance which should not be seen as an indication of future returns. The capital invested in the fund can increase or decrease and is not guaranted. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees.

Fund Details

Total Asset
EUR 219 137 536.13
Net asset value
(AC)(EUR) 83.78 (AD)(EUR) 67.29
Legal Form
SICAV regulated under French law
Classification
Global Equities
Investment horizon
> 5 years
Benchmark for comparison only
100% MSCI Europe GDP weighted (EUR) NR
Dividend Policy
(AC): Accumulation Shares
(AD): Distribution Shares
***Start Date of Management**
16/11/2018

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Analysis of the investment strategy

Main Lines

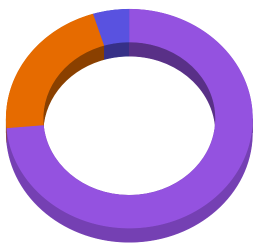
		Portfolio
1	SAINT-GOBAIN	3.97%
2	SCHNEIDER ELECTRIC SE	3.89%
3	SIKA AG-REG	3.86%
4	STMICROELECTRONICS (Paris)	3.78%
5	ABB LTD (CHF)	3.41%
6	MUENCHENER RUECK- NOMINATIF	3.21%
7	PRYSMIAN SPA	3.11%
8	VERBUND AG CL A	3.08%
9	VEOLIA ENVIRONNEMENT	3.03%
10	EDP RENOVAVEIS SA	3.00%
Total		34.34%

Asset Type Allocation

Equities	97.53%
Cash	2.47%
Total	100.00%

In percentage of the Portfolio.

Market Cap Allocation



Large Caps	73.57%
Mid Caps	21.64%
Small Caps	4.79%
Total:	100.00%

In percentage of the Equity Asset Class, except Mutual Funds, Derivative Products & cash

Micro Caps : < 250 millions in (EUR)
Small Caps : > 250 millions & < 2 billions in (EUR)
Mid Caps : > 2 billions & < 8 billions in (EUR)
Large Caps : > 8 billions in (EUR)

Industry Sector Exposure

In percentage of the Equity Asset Class, Mutual Funds & Derivative Products included.

	Weight
Total	

, Mutual Funds & Derivative Products included.

Main Equity Transactions - November 2023

Purchases	Amount (EUR)
GRENERGY RENOVABLES	676 275
SPIE SA	672 094
MERSEN	670 516

Sales	Amount (EUR)
SAINT-GOBAIN	1 713 978
ARCADIS NV	1 653 192
ALSTOM	1 458 697
SCHNEIDER ELECTRIC SE	538 755
SIKA AG-REG	534 799

Stock of the Month

ARCADIS NV

Arcadis is a Dutch group that provides management, advisory, design and engineering services. It is the third largest European and a top ten global company in the environmental, infrastructure, buildings and water sectors. In its project management role, Arcadis is a key player in the energy transition.

The group is organized into four divisions: Resilience: protecting the natural environment and water resources (36% of revenue), Places: constructing and optimizing buildings and spaces (40%), Mobility: creating and managing rail lines, motorways and new mobility solutions (22%) and Intelligence: data processing for the sectors previously indicated (2%).

Geographically, Arcadis has a substantial presence in North America (46% of revenue and 50% of EBITDA), Europe and the Middle East (43%/42%) and Asia-Pacific (11%/8%).

Beyond design and engineering, Arcadis is also a supplier of environmental sustainability services. This market exceeded $1.5 trillion in 2021 and is expected to grow at an annual pace of 6% to just over $2 trillion by 2026 amid developments in the fight against climate change, urbanisation, digitalisation and social standards.

The company is aiming to reduce its carbon footprint for scope 1, 2 and 3 emissions in line with the objectives set out in the Paris accords and is committed to achieving net zero by 2035 for all of its operations.

To achieve this objective, management has set the following intermediate goals: 1/ reduce its scope 1 and 2 greenhouse gas emissions by 70% by 2026 compared to 2019 levels, 2/ reduce its scope 3 emissions by 45% by 2029 compared to 2019 levels.

As such, Arcadis increased its share of renewable energy from 6.8% of supply in 2019 to 100% in 2022, in line with its own objectives, including through the purchase of green certificates, covering for example the use of vehicles for business travel or commuting.

The quality of Arcadis' emissions reporting, which breaks down emissions by category, should also be highlighted. In total, each employee accounts for 20 tonnes of CO_2 per year, most of which is scope 3.

Arcadis has incorporated sustainable development consulting into its operations and client solutions through a task force that brings together experts from across the world and is operational in eight countries. The group proposes integrated solutions, including a carbon reduction plan for buildings in the City of London, a flood-prevention system for Lower Manhattan, and an electric bus roll-out in Australia.

To accelerate its strategic positioning, Arcadis made a series of acquisitions to strengthen its expertise in environmental solutions, including HydroNet (smart water supply solutions), IBI Group (sustainable and digital urban planning), Giftge Consult (energy transition) and DPS (sustainable manufacturing).

In 2022, 13% of its revenue and 38% of its investments were aligned with the European taxonomy. However, this proportion is expected to increase with the new taxonomy because certain activities related to the circular economy and IoT will be included. Arcadis estimates that 80% of its business is in line with the UN Sustainable Development Goals, particularly numbers 9 (Industry, Innovation and Infrastructure – 25%), 11 (Sustainable Cities and Communities – 21%) and 13 (Climate Action – 16%).

This excellence means that Arcadis has very good ratings from the ESG rating agencies: AA from MSCI and Platinum (Top 1%) from Ecovadis. Thanks to Arcadis' repositioning, expertise, global presence, close relationships with large public-sector clients that generate 50% of its business and upstream intervention in projects, the group is a key player in the energy transition.

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Inventory of the Portfolio

	Carbon intensity	Rating ESG	Weight
Automobiles & Components			
MICHELIN B	114.7	6.3	1.97%
VALEO	50.0	6.5	1.82%
			3.79%
Capital Goods			
ABB LTD (CHF)	19.5	6.9	3.41%
ARCADIS NV	4.9	7.4	2.22%
BELIMO HOLDING AG - REG	40.7	6.3	2.31%
BOUYGUES	50.5	6.1	2.78%
BUCHER INDUSTRIES AG	27.0	5.1	1.43%
GENUIT GROUP PLC	44.1	6.0	0.77%
GEORG FISCHER SA	92.1	5.3	1.54%
KINGSPAN GROUP PLC	49.9	6.2	2.50%
MERSEN	182.4	5.8	1.52%
NIBE INDUSTRIER AB B SHS	9.6	6.1	2.13%
PRYSMIAN SPA	56.2	5.5	3.11%
REXEL SA	5.4	7.1	1.55%
SAINT-GOBAIN	200.8	5.7	3.97%
SCHNEIDER ELECTRIC SE	16.2	7.4	3.89%
VESTAS WIND SYSTEMS	9.7	6.5	2.27%
			35.38%
Commercial & Professional Services			
BRAVIDA HOLDING AB	18.4	7.5	0.87%
SPIE SA	16.0	5.5	2.99%
TOMRA SYSTEMS ASA	19.3	6.3	0.78%
			4.65%
Food & Staples Retailing			
CARREFOUR	16.5	6.1	1.83%
			1.83%
Insurance			
AVIVA PLC	1.0	7.6	2.02%
MUENCHENER RUECK- NOMINATIF	1.3	7.0	3.21%
			5.23%
Materials			
APERAM	207.0	5.8	1.30%
CRODA INTERNATIONAL	95.0	7.0	1.24%
NORSK HYDRO AS	649.9	5.6	2.78%
SIKA AG-REG	31.2	5.9	3.86%
STORA ENSO OYJ - R (EURO)	236.3	7.0	1.56%
UPM-KYMMENE OYJ	445.9	6.5	1.97%
			12.71%
Pharmaceuticals, Biotech. & Life Sciences			
DSM-FIRMENICH AG	133.8	7.8	1.42%
			1.42%
Retailing			
D'IETEREN NV	31.5	5.8	2.04%
			2.04%
Semiconductors & Equipment			
ASML HOLDING NV	9.2	7.5	2.06%
STMICROELECTRONICS (PARIS)	98.8	6.7	3.78%
			5.84%
Software & Services			
CAPGEMINI	4.6	5.4	1.72%
DASSAULT SYSTEMES SA	10.4	6.8	2.79%
			4.51%
Telecommunication Services			
KPN NV-KONINKLIJKE	36.7	7.8	2.72%
			2.72%

Transportation			
GETLINK	67.8	6.8	2.23%
			2.23%
Utilities			
ACCIONA SA	29.7	6.7	1.02%
EDP RENOVAVEIS SA	16.4	7.0	3.00%
ENCAVIS AG	0.7	6.5	1.35%
GRENERGY RENOVABLES	3.0	7.9	1.51%
UNITED UTILITIES GROUP PLC	104.7	6.0	2.19%
VEOLIA ENVIRONNEMENT	910.0	6.5	3.03%
VERBUND AG CL A	106.5	7.6	3.08%
			15.19%
Equities			97.53%
Cash			2.47%

Fund Manager Commentary

Economic Environment

After three consecutive months of declines, investors suddenly got their risk appetite back, with equity and bond markets posting big gains. The MSCI World rose by 9.38% (in USD, with net dividends reinvested), while performing rather evenly from one region to the next, including +9.87% in Europe, +9.37% in the US, and +8% in emerging markets. Some mid-sized countries did underperform, such as Belgium, Ireland and Norway.
The market rally was driven by falling bond yields, due, in turn, macroeconomic data that made the soft-landing scenario more credible, and as the pace of inflation slowed sharply. On 1 November, after 11 consecutive rate hikes, including four in 2023, the US Federal Reserve decided, as it had at its previous meeting, to leave its key rates unchanged at 5.5%.
In October, US inflation receded more than expected, to 3.2% vs. 3.7%, while jobs growth weakened (to 150,000 jobs from 297,000). The services ISM indicator pointed to more moderate growth early in the fourth quarter, slipping from 53.6 to 51.8 in October, while retail sales fell by 0.1% year-on-year, after rising by 0.9% in September.
Inflation continued to slow more than expected in the euro zone as well, as seen in the 2.4% estimate for November, vs. 2.9% in October. GDP shrank by 0.1% in the third quarter in both Germany and France and is likely to contract further in the fourth quarter, despite the slight improvement in PMI surveys. Like the Fed, the Bank of England left its discount rate unchanged.
In China, macroeconomic statistics blew hot and cold – downturns in PMIs and manufacturing investments but increases in retail sales and manufacturing output.
On the corporate front, reporting season revealed earnings growth well above forecasts, especially in the US, where 82% of companies surprised on the upside. Aggregate earnings rose by 3%, six percentage points above forecasts. The picture was more mixed in Europe, with a lower rate of positive surprises, 58%, and earnings down by 8% but up by 3% ex energy.
As in previous quarters, revenues disappointed but margins improved again, as companies managed to keep a very positive gap between prices and material costs.
Lastly, the geopolitical context remains very challenging, with ongoing conflicts in Ukraine and Gaza amidst an ever-tenser backdrop in Sino-US relations. Political instability is on the rise with gains by extremist parties.

Market Performance

The MSCI Europe and EMU indices rallied by, respectively, 6.44% and +7.96% (in EUR, with net dividends reinvested). The gap was due to the underperformance of UK and Norwegian stocks, which took a hit from falling oil & gas prices. The rally got a further boost from a short squeeze, as hedge funds were net buyers on the month, while long-term investors sold into the rally to reduce their exposure.
Against this backdrop, the market bid up sectors that are positively exposed to falling interest rates, such as real-estate (+2.5%) and, more broadly, growth companies, particularly in technology, with semiconductors up by 14.6% and IT services and software by 14.1%. The MSCI Europe Growth outperformed the MSCI Europe Value by more than 240 basis points (bps).
Investors also raised their exposure to cyclical stocks, with capital goods up by 11.8%, boosting indices in Germany (+9.8%) and Sweden (+11.4%). Strong Black Friday numbers – a real-life test of the resiliency of household consumption – as well as the receding in inflation pushed up retailing stocks (+14.5%) and financial services (+14.8%).
The month featured the run-up to COP 28 in late October, the European Wind Power Action Plan, and investor meetings where several companies, such as Schneider, SIKA and ABB raised their guidance. There were no resounding profit warnings, with the exception of HelloFresh, Bayer, and Diageo, whereas several of the year's poor performers, like Siemens Energy, Adyen and Cellnex rallied strongly.
Note, finally the rally by small caps, whose underperformance had constantly widened over the past two years, but which made up 200 bps in relative performance on the month. On other markets, commodities traded in various directions. Oil was down and natural gas even more so, owing to fears of overproduction, while metals such as gold, silver and copper were up.

Performance Attribution

Our energy transition strategy rebounded strongly in November, with stocks in the Green Buildings, Sustainable Mobility and Energy Adaptation eco-sectors making the biggest contributions.In contrast, diversification and tech stocks, especially telecommunication services, underperformed.
The investor capitulation effect that we mentioned last month disappeared thanks to three factors: 1/ the market is pricing in an easing of central bank policy at the end of H1 2024; 2/ results releases and investor meetings are showing that the earnings outlook remains solid; and 3/ COP28 has demonstrated a desire to make its energy transition initiatives even more concrete.
The trend reversed in the Green Buildings eco-sector (+14.4%), which reacted very strongly to the stability of US key interest rates. Earnings releases by sector companies demonstrated their ability to maintain a sales spread over their input costs.
Above all, some companies started to return to the residential real estate segment thanks to a solid showing in the renovation field. For example, Saint-Gobain (+16.3%) indicated that southern Europe was performing well and that the group expects to benefit from the increase in the PrimeRenov' renovation subsidy with a target to double the number of homes renovated.
The highlight of the month was certainly Schneider's (+16.2%) Capital Markets Day, when the group raised its revenue growth targets to between 7% and 10%, CAGR for 2023-2027, in a market where average growth stands at 6%-7%, and increased its adjusted EBITA margin by 50bp. Eaton in the United States delivered a similar message.
Turning to sustainable mobility stocks, STM surged 20.8%, mirroring other semiconductor stocks, with investors once again seeking growth stocks. More specifically, brokers upgraded STM to Buy, with analysts expecting the semiconductor market to rebound in 2024.
Within the adaptation eco-sector, Arcadis, a Dutch engineering group involved in sustainable development projects (see stock of the month) announced at its Capital Markets Day that it was increasing its operating EBITA margin target from 10% to 12.5%, which is well above market expectations. Its competitor Sweco also set its target at 12%.
The very strong performance from Vestas (24.6%) was also noteworthy and the stock remains one of our strong convictions. The market is finally realising that Vestas is expected to be one of the primary beneficiaries of the commitments made at COP28, while two of the company's main competitors, Siemens Energy and GE, are having to contend with major manufacturing quality issues.

Investment policy

In terms of trades, we took profits on our main positions – Saint-Gobain and Schneider – as well as Arcadis, which rose 26% in one month to reach a record high.
We chose to take on some risk by increasing our position in mid-caps, adding to our investment in Spie, which announced another acquisition in Germany and is expected to benefit from major investment plans at the power grid's biggest players.
We also added to our position in Grenergy, a Spanish renewable energy player, for the reasons mentioned above, and Merson, which published excellent Q3 revenues despite a high comparison base and increased its full-year targets.

Outlook

After performing poorly in 2022 and 2023, the outlook for the energy transition theme is now more favourable, with an acceleration of energy transition support plans on both sides of the Atlantic, such as the recent European Wind Power Action plan made at COP28 to triple the share of renewable energy in the mix by 2030. With supply chain wrinkles ironed out, the recent drop in commodity prices and the end of the inventory drawdown process should be good for the companies in our strategy.
Despite a difficult economic environment amid an extremely tense geopolitical backdrop, we are seeing a few signs of recovery in semiconductors, ingredients, paper and even residential construction, despite the fact that interest rates haven't yet started to fall.
The portfolio is designed to tap into the growth inherent in the development of green businesses that promote the transition towards a low-carbon economy. The strategy overweights quality stocks offering green growth exposure and at a reasonable price, by focusing on companies that consistently integrate all sustainability criteria into their strategy.

HSBC RIF - EUROPE EQUITY GREEN TRANSITION

Monthly Report
30 November 2023
EUR Share Class A

Important Information

Indices

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Fund Details

Legal Form
SICAV regulated under French law
Classification
Global Equities
Investment horizon
> 5 years
Benchmark for comparison only
100% MSCI Europe GDP weighted (EUR) NR
Dividend Policy
(AC): Accumulation Shares
(AD): Distribution Shares
***Start Date of Management**
16/11/2018
Base Currency
EUR
Valuation
Daily
Subscriptions & Redemptions
Thousandths of shares
Dealing / Payment Date
Daily - before 12:00 pm (Paris) / D+2
Initial Fee / Exit Fee
3.00% / Nil
Portfolio Management Company
HSBC Global Asset Management (France)
Custodian
Caceis Bank
Central Paying Agent
Caceis Bank
ISIN Code
(AC): FR0000982449
(AD): FR0000982456
Bloomberg Ticker
(AC): SINOFIC FP
(AD): SINOFID FP
Fees
Real internal management fees
1.50% inc. taxes
Maximum internal management fees
1.50% inc. taxes