

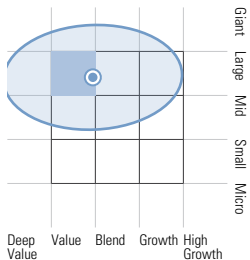
HSBC Global Investment Funds - Russia Equity Class AC

LU0329931090

Morningstar Analyst Rating
Bronze
 29 Nov 2016
 00:00, UTC-0600

Morningstar Category Russia Equity	Category Index MSCI Russia NR USD	Total Assets 300.13 Mil USD	Current Yield % 0.00	Inception Date 17/12/07	Domicile/ Currency LUX/USD	Morningstar Rating ★★★
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Equity Style Map

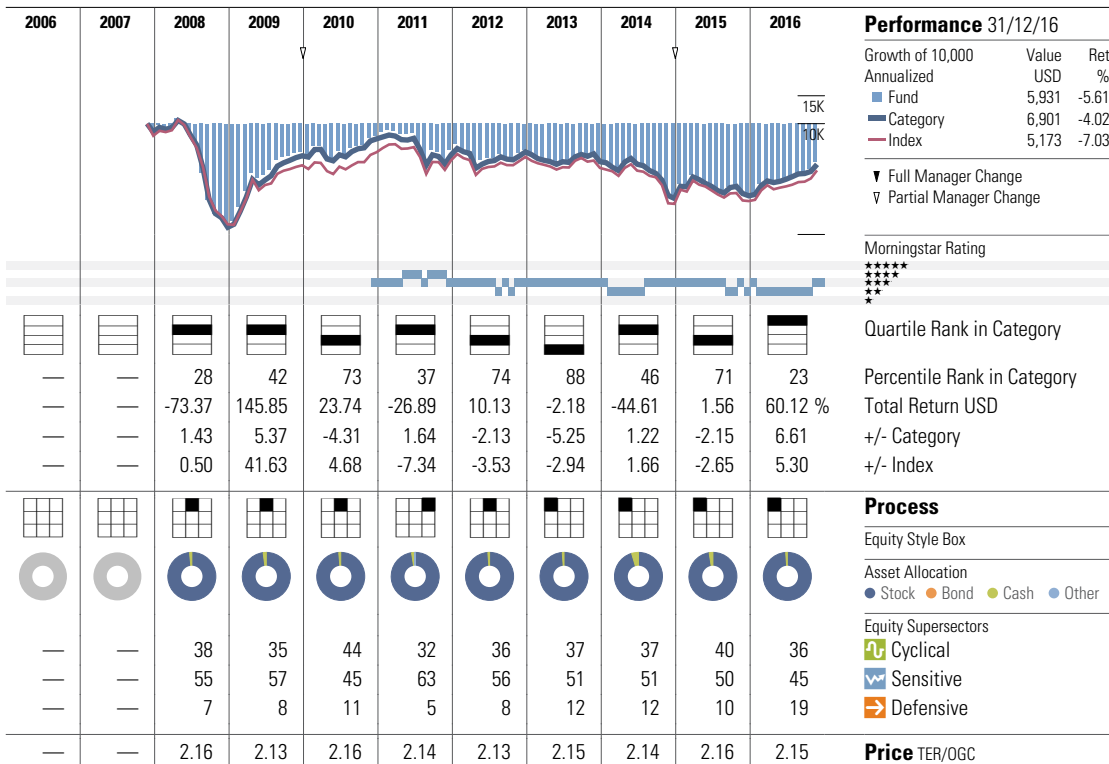


People

Douglas Helfer	12/07
Total Named Managers	1

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Neutral
Price	Positive



Analyst View

Lena Tsymbaluk, Analyst

This fund offers a consistent investment process implemented by an experienced manager.

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Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

28 Nov, 2016 | We value the experience of the lead manager and the consistency of its investment process.

Our conviction here rests largely on the presence of lead manager Douglas Helfer, who has been running this fund since its inception in December 2007. Helfer used to be supported by Ed Conroy, who started as an analyst on the strategy in 2008 and was later promoted to comanager. However, at the beginning of 2016, Conroy moved to comanage the HSBC Emerging Markets Low Volatility fund with Nick Timberlake. Richard Pickering joined in January 2016 to support Helfer in terms of stock research. Prior to joining HSBC, Pickering was a global commodities and mining equities analyst at Nevsky Capital. While Conroy's departure is clearly a loss, we are encouraged by Helfer's depth of expertise and the support he gets from the broader emerging-markets team and Pickering.

The investment process is predominantly bottom-up and at its core is an assessment of stocks based on forward return on equity versus forward price/book. Attractive names are subject to further analysis that focuses on confirming ROE expectations. The approach will clearly not highlight longer-duration growth stocks, but there is

scope to invest in names across the ROE spectrum providing they are below the regression line. The managers are very aware of stocks in the benchmark index and will tend to hold neutral positions in names where they do not have a strong negative view. This approach and the 10/40 rules affecting both the benchmark and the fund result in a portfolio that has a limited active share.

To an extent, the approach relies on off-benchmark, smaller-cap names to provide alpha, and these are not always in favour with the market. As a result, returns have been variable over recent years, with outperformance of the index and peers in 2014 and for the year to date but weakness in 2013 and 2015.

Overall, the consistent approach and experience of the manager lead to the retention of the Morningstar Analyst Rating of Bronze.

Morningstar Global Fund Report

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Morningstar Analyst Rating

	2015	2016	2017
Gold			
Silver			
Bronze			
Neutral			
Negative			
Under Review			
Not Ratable			

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The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

Morningstar Analyst Ratings

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

Gold

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

Silver

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Negative

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

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Not Ratable

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