

## HSBC Funds

# HSBC Radiant U.S. Smaller Companies Fund

Marketing communication | Monthly report February 28 2025 | Share class Class I



## Investment objective

The investment objective of the HSBC Radiant U.S. Smaller Companies Fund is long-term growth of capital.



## Investment strategy

The Fund seeks to invest in companies with attractive earnings quality and sentiment profiles, as well as positive ESG attributes. Their forward-looking approach, meaningful assessment of how a company's actions, products, and path of travel give rise to real-economy effects.



## Main risks

- There is no assurance that a portfolio will achieve its investment objective or will work under all market conditions. The value of investments may go down as well as up and you may not get back the amount originally invested. Portfolios may be subject to certain additional risks, which should be considered carefully along with their investment objectives and fees.
- Equity Securities Risk: The prices of equity securities fluctuate from time to time based on changes in a company's financial condition, overall market and economic conditions, and government policies, including tax incentives and subsidies. Equity securities that are traded in the over-the-counter markets (rather than on a securities exchange) are generally less liquid and generally subject to less onerous corporate disclosure and governance standards. The risks of investing in equity securities also include:
- ESG investing risk. The incorporation of ESG criteria, including ESG and Impact scores and the identification of controversial business lines and other screens, into the investment process will cause the Fund to forgo investment opportunities available to other mutual funds that do not use these criteria, or to increase or decrease its exposure to certain sectors or certain types of companies.

## Share class details

### Key metrics

|                     |          |
|---------------------|----------|
| NAV per share       | USD 8.60 |
| Performance 1 month | -7.03%   |

### Fund facts

|                           |   |
|---------------------------|---|
| Dealing frequency         | Daily   |
| Valuation time            | 4 PM United States  |
| Investment cut-off time   | 16:00 United States   |
| Share class base currency | USD   |
| Inception date            | September 3 1996  |
| Fund size                 | USD 38,660,124  |
| Benchmark                 | 100% Bloomberg US 2500 Growth Total Return Index                                  |
| Managers                  | Harry Prabandham<br>Kathryn McDonald<br>Radiant Global Investors LLC<br>Kevin Lin |
| Fiscal year end           | 31st October  |

### Fees and expenses

|                            |               |
|----------------------------|---------------|
| Minimum initial investment | USD 1,000,000 |
| Gross expense ratio        | 1.68%         |
| Net expense ratio          | 0.90%         |

### Codes

|                  |              |
|------------------|--------------|
| ISIN             | US44330V4499 |
| Bloomberg ticker | RESCX US     |

Past performance is no guarantee of future results. The performance data quoted represents past performance and current returns may be lower or higher.

The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-800-782-8183, or visit our website at [www.assetmanagement.us.hsbc.com](http://www.assetmanagement.us.hsbc.com).

The performance above reflects any fee waivers that have been in effect during the applicable periods, as well as any expense reimbursements that have periodically been made. Absent such waivers and reimbursements, returns would have been lower. Returns include the reinvestment of dividends and income.

The contractual expense limitation agreement with the Adviser and the Fund was reduced to limit total expenses of the fund (excluding interest, taxes, brokerage commissions, extraordinary expenses and estimated indirect expenses) to an annual rate of 0.90% for Class I shares. Current fee waivers are in effect until February 28, 2025.

The Fund's performance is measured against the Bloomberg U.S. 2500 Growth Total Return Index, a float market-cap-weighted equity benchmark derived from the membership of the Bloomberg U.S. 2500 Index that provides exposure to companies with superior growth factor scores based on their earnings yield, valuation, dividend yield and growth. It is comprised of the 2,500 smaller and mid-cap companies included in the Bloomberg U.S. 3000 Total Return Index. Prior to June 1, 2024, the Fund's performance was measured against a different index. Please refer to the Fund's current prospectus for information related to the prior index. Note that index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index.

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

On June 28, 2022 the Fund's name changed from "HSBC Opportunity Fund" to "HSBC Radiant U.S. Smaller Companies Fund" and Radiant Global Investors, LLC ("Radiant") assumed full portfolio management responsibilities. The Fund's investment objective remains the same and it continues to invest primarily in smaller US companies. The Fund is part of a "master-feeder" fund structure and invests all of its assets in the HSBC Radiant U.S. Smaller Companies Portfolio ("Portfolio"), the "master" fund. Radiant Global Investors LLC ("Radiant") is the sub-adviser to the Portfolio and manages its investments. A woman-led, diverse-owned investment company, Radiant employs systematic, fundamental analysis in conjunction with ESG and impact analysis in the effort to maximize risk-adjusted returns.

For more important disclosures and information, please see page 8.

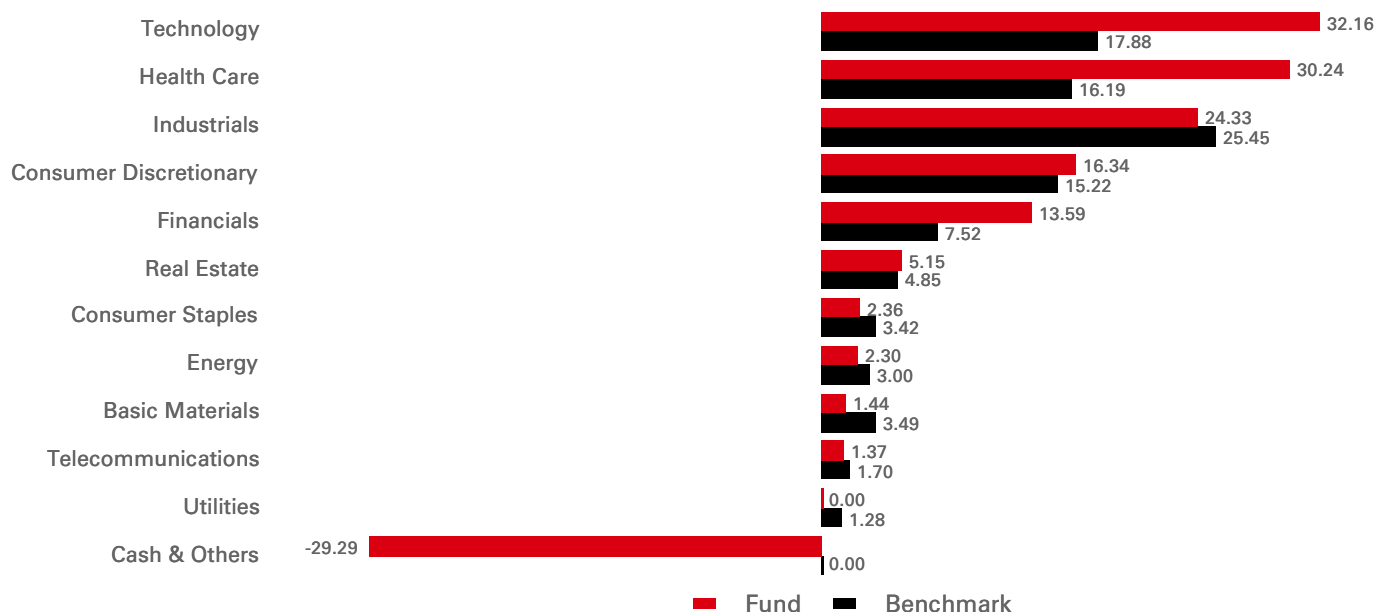
Source: HSBC Asset Management, data as at February 28 2025

| Performance (%) | YTD          | 1 month      | 3 months     | 6 months     | 1 year      | 3 years ann | 5 years ann  | 10 years ann |
|-----------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| <b>Class I</b>  | <b>-1.94</b> | <b>-7.03</b> | <b>-9.28</b> | <b>-1.49</b> | <b>5.52</b> | <b>5.14</b> | <b>11.33</b> | <b>8.99</b>  |
| Benchmark       | -2.06        | -5.97        | -9.17        | 1.47         | 6.68        | 3.68        | 9.64         | 8.79         |

| Calendar year performance (%) | 2015         | 2016        | 2017         | 2018         | 2019         | 2020         | 2021         | 2022          | 2023         | 2024         |
|-------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| <b>Class I</b>                | <b>-4.49</b> | <b>2.93</b> | <b>30.14</b> | <b>-8.41</b> | <b>34.29</b> | <b>33.37</b> | <b>16.21</b> | <b>-25.39</b> | <b>24.76</b> | <b>12.29</b> |
| Benchmark                     | -0.19        | 9.73        | 24.46        | -7.47        | 32.65        | 40.47        | 5.04         | -26.21        | 18.01        | 14.25        |

| Equity characteristics       | Fund  | Benchmark |
|------------------------------|-------|-----------|
| No. of holdings ex cash      | 87    | 1,700     |
| Average market cap (USD Mil) | 8,188 | 7,598     |

#### Sector allocation (%)



| MSCI ESG Score | ESG score | E   | S   | G   |
|----------------|-----------|-----|-----|-----|
| Fund           | 6.7       | 5.2 | 5.0 | 6.4 |
| Benchmark      | 5.9       | 5.2 | 4.7 | 6.1 |

The MSCI ESG Key Issue Score is the numerical, weighted average of MSCI's E, S, and G pillar scores. A higher number indicates a more favourable ESG profile in the view of MSCI. The weighted averages of the Key Issue Scores are aggregated and companies' scores are normalized by their industries. After any overrides are factored in, each company's Final Industry-Adjusted Score corresponds to a rating. For more information, see MSCI ESG Ratings Methodology @ <https://www.msci.com/esg-and-climate-methodologies>

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Source: HSBC Asset Management, data as at February 28 2025

| Top 10 holdings              | Sector                 | Weight (%) |
|------------------------------|------------------------|------------|
| Nutanix Inc                  | Technology             | 2.82       |
| F5 Inc                       | Technology             | 2.66       |
| DocuSign Inc                 | Technology             | 2.51       |
| Somnigroup International Inc | Consumer Discretionary | 2.49       |
| Jabil Inc                    | Technology             | 2.43       |
| Guidewire Software Inc       | Technology             | 2.41       |
| Sprouts Farmers Market Inc   | Consumer Staples       | 2.36       |
| Palomar Holdings Inc         | Financials             | 2.33       |
| NEXTracker Inc               | Energy                 | 2.30       |
| Cavco Industries Inc         | Consumer Discretionary | 2.24       |

## Risk disclosures

- **Model and data risk:** The Subadviser employs proprietary quantitative models in selecting investments for the Fund. Investments selected using these models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes in a factor's historical trends, and technical and other issues in the construction, implementation, maintenance and governance of the models (including, for example, problems with data sourced by the Subadviser or supplied by third parties, software issues, unauthorized changes or other types of errors). There are limitations inherent in every quantitative model and there is no guarantee that quantitative models will perform as expected or result in effective investment decisions for the Fund, particularly during rapidly changing market conditions. Additionally, commonality of holdings across quantitative asset managers may amplify losses.
- **Capitalization Risk:** Investments in medium and smaller capitalization companies may involve greater risks due to limited product lines and market and financial or managerial resources. Stocks of these companies may also be more volatile, more difficult to value accurately, less liquid and subject to the potential for greater declines in stock prices in response to selling pressure.
- **Market Risk:** The value of the Fund's investments may decline due to changing economic, political, social, regulatory or market conditions. Market risk may affect a single issuer, industry or section of the economy or it may affect the economy as a whole. Moreover, the conditions in one country or geographic region could adversely affect the Fund's investments in a different country or geographic region.
- **Issuer Risk:** An issuer's earnings prospects and overall financial position may deteriorate, causing a decline in the Fund's net asset value.
- **Sector Risk:** To the extent the Fund focuses its investments in securities of issuers in one or more sectors, the Fund will be subject, to a greater extent than if its investments were diversified across different sectors, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that sector, such as: adverse economic, business, political, environmental, regulatory and other developments.
- **Style risk:** The risk that use of a growth or value investing style may fall out of favor in the marketplace for various periods of time.

## Index disclaimer

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Source: HSBC Asset Management, data as at February 28 2025

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### Glossary



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## Important information

HSBC Asset Management is the brand name for the asset management businesses of HSBC Group. HSBC Global Asset Management (USA) Inc. is an investment adviser registered with the US Securities and Exchange Commission. HSBC Global Asset Management (USA) Inc. serves as the investment adviser to the HSBC Funds. Radiant Global Investors LLC, is the subadviser and is paid a fee for its services. Foreside Distribution Services, L.P., member FINRA, is the distributor of the HSBC Funds and is not affiliated with the adviser. HSBC Securities (USA) Inc., member NYSE, FINRA and SIPC, is a sub-distributor of the HSBC Funds. Affiliates of HSBC Global Asset Management (USA) Inc. may receive fees for providing various services to the funds.

**Investors should consider the investment objectives, risks, charges, and expenses of the investment company carefully before investing. The prospectus contains this and other important information about the investment company. For clients of HSBC Securities (USA) Inc., please call 1-888-525-5757 for more information. For other investors and prospective investors, please call the Funds directly at 1-800-782-8183 or visit our website at [www.assetmanagement.us.hsbc.com/](http://www.assetmanagement.us.hsbc.com/). Investors should read the prospectus carefully before investing or sending money.**

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