

HSBC Wealth Outlook 2022: Big potential in ESG (Environmental, Social and Governance) and Tech investments in Indonesia

Investors to maintain a risk-on approach, dive into opportunities in the Asian markets, focus on ESG (Environmental, Social and Governance)-related investments and attention to the digital transformation

JAKARTA – In HSBC Wealth Outlook: Raih Dunia Penuh Peluang di 2022 – The Year of Great Reset", HSBC Indonesia sees positive outlook to invest in a greener future, namely companies with Environmental, Social and Governance (ESG) metrics. For example, the electric vehicle-related components and sustainable power generation sector. The event also outlines that this year's global economy still faces a number of challenges along with the ongoing Covid-19 pandemic, with global economic growth this year is estimated to slow to a 4.1% level from the realisation of last year's 5.7%.

Regionally, however, the Asian economies have strong growth prospects this year with estimated growth rate of 4.8% this year¹ propelled by resilient local demand. The stressed Chinese stock market in recent months makes its valuation appealing. In Southeast Asia, Singapore will benefit from the global economic recovery, while Indonesia's equity market will benefit from the green industry development supported by the raw material industry.

The inflation rate of the United States (US) is still the main focus of the global economy this year since it has the potential to encourage the US Central Bank (The Fed) to raise interest rates faster than market expectations, causing fluctuation in financial markets. Inflation will stay contained for the most part, allowing Asia's central banks to lag a more determined Fed.

Verawaty Zhao, Head of Wealth Development, HSBC Indonesia, said, "For long term investment, equities are still a priority investment portfolio with a positive and higher return than bonds, supported by the company's expansion with a hope towards a new post-pandemic growth phase. In addition, technology sector continues to be a structural winner as the world adjust to a more convenient, digitally-empowered way of living that enables society to move forward even in uncertain time, such as the pandemic."

She continued that Indonesia is seeing a pick-up in equity inflows as its tech sector comes into focus. An IPO pipeline over the next 12 months will likely catalyse further inflows². Investment opportunities will rise in the sectors related to digital transformation such as cloud computing, Al/Machine learning and analytics, Internet of Things and electrification, financial technology and digital payments, digital customer engagement and 5G.

¹ Neumann, Frederic. "Asian Economics: Ready for the Next Round." HSBC Global Research. Q1 2022. tfLDqvd (hsbc.com)

² Incalcaterra, Joseph. "Stars Align." *HSBC Global Research*. 19 Oct. 2021. <u>KLMkHSvmMqxw (hsbc.com)</u> Accessed 21 Feb. 2022.



Understanding the growth opportunities in technology sector, HSBC Indonesia announced the launch of Batavia Technology Sharia Equity USD mutual fund product, in partnership with PT Batavia Prosperindo Aset Manajemen (Batavia). This is an offshore sharia equity mutual fund to meet the demands of investors who wish to have greater exposure in the global technology sector. This product was developed by Batavia in partnership with Franklin Templeton, the leading fund manager, with its experience and global capabilities as technical advisor, to optimise potential returns for customers.

This dollar-denominated sharia mutual fund product is a solution as well as an option for investors to invest in technology and digital transformation. This sharia mutual fund product can be purchased with a minimum initial investment starting from US\$ 10,000. The launch of this mutual fund is also part of HSBC Indonesia's commitment to strengthen and diversify its investment product offerings to provide a wide range of wealth management solutions to its customers in Indonesia. Currently, HSBC Indonesia offers four investment products for Premier customers, including mutual funds, bonds, structured products and investment links.

Recently, PT Bank HSBC Indonesia (HSBC) was named as Indonesia's Best Wealth Manager for fourth consecutive year by The Asset Triple A. This consistent global recognition is contributed by the bank's holistic and personalised wealth management solutions, as well as continuous investment to strengthen its digital capability. The bank also received accolades from Global Retail Banking Innovation Awards as Best Customer Loyalty Program for HSBC Rewards Point and Highly Acclaimed Credit Card of the Year for its program "Jadi Juara bersama HSBC".

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About PT Bank HSBC Indonesia

HSBC has operated in Indonesia since 1884 and currently serves customers throughout Indonesia. PT Bank HSBC Indonesia is currently a member of the HSBC Group which offers Commercial Banking and Global Banking services for Corporate and Institutional customers, Global Markets for Treasury and Capital Market & Wealth and Personal Banking management.

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