

HSBC Global Investment Funds

ASIA BOND

Monthly report 31 March 2023 | Share class AM3HSGD

Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Asian bonds.

Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 90% of its assets in investment grade, and non-investment grade rated bonds and unrated bonds issued by governments, government-related entities, supranational entities or companies that are based in or carry out the larger part of their business in Asia. The Fund may invest up to 10% of its assets in onshore Chinese bonds which are issued within the People's Republic of China (PRC) and traded on the China Interbank Bond Market. The Fund may invest up to 10% in convertible bonds and up to 10% in contingent convertible securities. The Fund may also invest up to 10% in asset-backed securities and mortgage-backed securities. The Fund may invest up to 10% of its assets in securities issued by any single government issuer with a non-investment grade rating and may invest up to 10% of its assets in other funds. The Fund will not invest more than 40% of its assets in non-investment grade bonds. The Fund's primary currency exposure is to US Dollar (USD). See the Prospectus for a full description of the investment objectives and derivative usage.

Main risks

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is typically greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

Share Class Details

Key metrics

NAV per Share **SGD 7.85**

Performance 1 month **0.86%**

Yield to maturity **6.11%**

Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS
(Supplementary Retirement Scheme)**

Dividend treatment **Distributing**

Distribution Frequency **Monthly**

Dividend ex-date **29 March 2023**

Dividend annualised yield **5.68%**

Last Paid Dividend **0.036044**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base Currency **SGD**

Domicile **Luxembourg**

Inception date **13 April 2018**

Fund Size **USD 491,814,430**

Managers **Ming Leap
Alfred Mui**

Fees and expenses

Minimum initial investment (SG)¹ **SGD 1,000**

Maximum initial charge (SG) **3.000%**

Management fee **1.100%**

Codes

ISIN **LU1560770627**

Bloomberg ticker **HSABAM3 LX**

¹Please note that initial minimum subscription may vary across different distributors

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.

Fund return: NAV-to-NAV basis. For comparison with benchmark

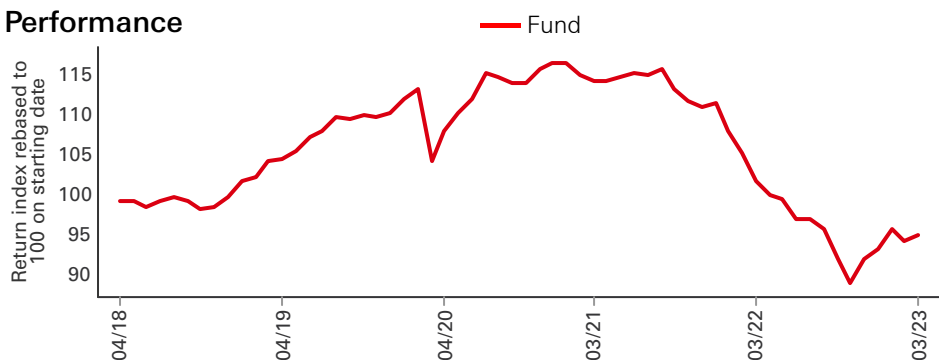
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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

There is no guarantee on the principal investment or return on the fund.

Source: HSBC Asset Management, data as at 31 March 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM3HSGD	2.01	0.86	2.01	3.18	-6.65	-3.05	--	-1.06
AM3HSGD (Net)*	-0.96	-2.08	-0.96	0.18	-9.37	-4.00	--	-1.64

Calendar year performance (%)	2018	2019	2020	2021	2022
AM3HSGD	--	10.33	5.70	-4.33	-16.34
AM3HSGD (Net)*	--	7.12	2.62	-7.12	-18.78

3-Year Risk Measures	AM3HSGD	Reference benchmark	5-Year Risk Measures	AM3HSGD	Reference benchmark
Volatility	6.51%	--	Volatility	--	--
Sharpe ratio	-0.66	--	Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	325	1,359	--
Yield to worst	6.02%	5.71%	0.31%
Yield to maturity	6.11%	5.71%	0.40%
Modified Duration to Worst	5.09	5.00	0.09
Option Adjusted Spread Duration	4.75	5.00	-0.24
Average maturity	7.37	6.97	0.40
Rating average	A-/BBB+	A-/BBB+	--
Number of issuers	198	467	--

Credit rating (%)	Fund	Reference benchmark	Relative
AAA	4.75	1.02	3.73
AA	9.42	12.68	-3.26
A	29.17	33.82	-4.64
BBB	44.98	45.27	-0.29
BB	7.07	2.54	4.54
B	1.83	0.84	1.00
CCC	0.38	0.47	-0.09
C	0.02	--	0.02
NR	1.36	3.37	-2.01
Cash	1.01	--	1.01

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.24	0.28	-0.04
2-5 years	1.12	1.22	-0.11
5-10 years	0.85	1.36	-0.51
10+ years	2.84	2.12	0.72
Total	5.05	4.98	0.07

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.

Fund return: NAV-to-NAV basis. For comparison with benchmark

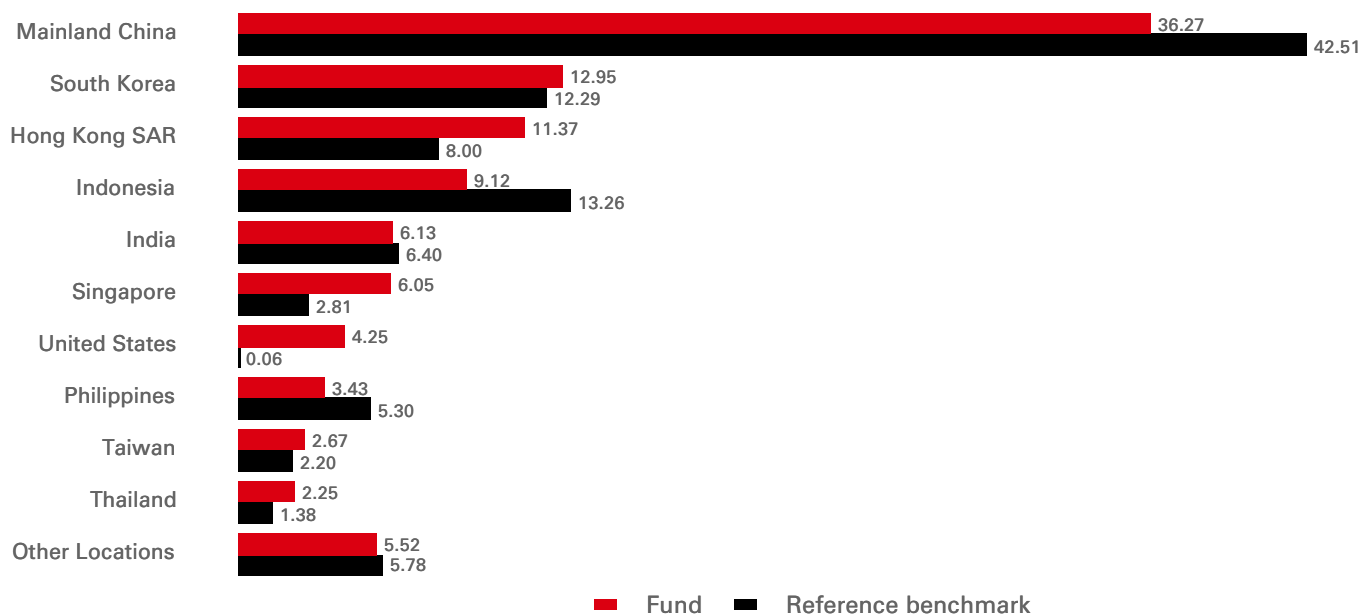
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

The benchmark data is that of the reference benchmark of the fund, as this data is calculated at fund level rather than share class level. The reference benchmark of the fund is 100% Markit iBoxx USD Asia Bond

Source: HSBC Asset Management, data as at 31 March 2023

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	97.40	100.00	-2.60
CNH	2.03	--	2.03
SGD	1.01	--	1.01
JPY	0.96	--	0.96
CAD	0.00	--	0.00
IDR	0.00	--	0.00
AUD	0.00	--	0.00
CHF	0.00	--	0.00
EUR	0.00	--	0.00
GBP	-0.34	--	-0.34
Other Currencies	-1.04	--	-1.04

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banks	16.42	10.34	6.08
Government	15.44	22.96	-7.52
Real Estate	10.12	4.87	5.25
Energy	9.11	10.54	-1.43
Communications	8.85	7.24	1.61
Diversified Finan serv	8.51	9.80	-1.29
Consumer Cyclical	5.16	3.40	1.75
Basic Materials	4.04	4.58	-0.54
Utilities	3.92	7.66	-3.75
Industrial	3.80	5.90	-2.10
Other Sectors	13.62	12.71	0.91
Cash	1.01	--	1.01

Top 10 Holdings	Weight (%)
PHILIPPINES(REP) 5.950 13/10/47	2.11
US TREASURY N/B 3.625 15/02/53	1.90
TSMC GLOBAL LTD 1.250 23/04/26	1.83
INDONESIA (REP) 5.450 20/09/52	1.68
KODIT GLOBAL 3.619 27/05/25	1.62
UNITED OVERSEAS 3.875	1.43
EXP-IMP BK KOREA 2.375 25/06/24	1.38
OVERSEA-CHINESE 4.250 19/06/24	1.23
BANK OF CHINA HK 5.900	1.19
YUNDA HOLDING 2.250 19/08/25	1.19

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

Monthly performance commentary

Market Review

The Asia credit market posted a positive return in March. The treasury curve shifted downwards with the shorter end dropping faster than the longer end on the back of lingering concerns on global banking sector and the FOMC raising Fed fund rates by 25 bp. The Fed noted banking-sector stress is likely to tighten US credit conditions, which could weigh on the economy. Overall, two-year yields fell 79bps while 10-year yields were down 45bps. Investment grade bonds outperformed high yield bonds over the month amid wider credit spreads and lower UST yields. In terms of spread movements, both IG bond HY bond spreads widened with HY widening to a greater extent. China metals & mining sector was the best performer, followed by Hong Kong industrials and infrastructure Singapore real estate was the worst performer due to the spill-over effects from the global banking issues. Philippines financials also did not perform well. In the high yield space, Mongolia metals & mining was the best performer as the company reported strong 2022 earnings and has utilised its operating cash flow to reduce debt. Mongolia quasi-sovereign and India utilities also tightened. On the contrary, Pakistan sovereign, Sri Lanka quasi-sovereign and China real estate widened the most

Portfolio strategy

The fund returned positively for March while underperforming the benchmark amid lower UST yields. On a relative basis, the fund's credit exposure detracted, particularly from its overweight in China developers with concrete short term funding prospects but uncertain long term funding visibility as well as stronger developers with SOE linkage or steady recurring income during some rebalancing activities ahead of earnings and lingering concerns of further defaults. Furthermore, the fund's selection in high coupon step-up perpetual bonds detracted despite partly offset by its overweight. Also, the fund's credit exposure to Philippines sovereigns did not help. On the positives, the fund benefitted from its underweight in weaker China developers. Meanwhile, the fund's underweight in Pakistan and China sovereigns also helped lifting the relative returns. Elsewhere, the fund's duration exposure detracted in light of its initial short duration positioning as US Treasury yields declined over the month. On the other hand, the fund's FX exposure contributed positively, particularly from long positions in the RMB, SGD, and JPY. The fund's yield carry also helped lifting the relative returns. The fund continues to hold an overweight stance in bank subordinated debt given their relatively defensive nature and attractive yields. We have also retained our overweight in the property sector, mainly through an overweight in the Hong Kong and China property sectors. We maintained our overweight in the China property sector as we expect the sector to continue benefiting from the support measures. That said, we remained selective in this space with an emphasis on the better-quality companies, reflecting mostly our conviction on the individual credit rather than our view on the sector. We continue to improve the average quality in this sector to hold mostly the state-owned developers with strong balance sheets and access to funding which we believe are likely survivors in the current market environment. In addition, we are overweight in Macau gaming on the strong recovery momentum in the gaming industry as well as pent-up demand from the premium mass. Furthermore, we are overweight in the consumer sector, mainly in Thailand and Hong Kong, expecting the companies to benefit from the increasing economic activities. Meanwhile, we remained our overweight in China TMT in light of the removal of the regulatory uncertainty. On the other hand, we are underweight sectors which we find valuations unattractive. For instance, we are underweight Indonesia, China and Philippines. Similarly, we remain underweight sovereigns and quasi-sovereigns given their broadly speaking lower yields than other sector.

Outlook

Asia credit has demonstrated its resilience amid heightened market turbulence due to lingering concerns on the global banking sector. In our opinion, Asian banks in good shape and should see limited impact from global banking issues as they have conservatively funded balance sheets and traditional loan profiles. We remain cautiously optimistic over the medium term and believe Asia credit will continue to outperform their global peers. Most Asian countries are in much better position compared to previous tightening cycles as they have stronger foreign reserves and have relied less on external funding thanks to the growth of domestic capital markets, which should minimise the impact of capital outflows due to Fed's tightening. With Asia credit being less correlated to global and US credit market movements, Asia US dollar bonds stand out for their relatively low duration, attractive yields and offer investors the diversification benefit. While the Fed's terminal rate remains uncertain, the overall Asia credit market should be well supported by the slower pace of rate hikes and greater visibility on the rate cycle as the year goes on.

Risk Disclosure

- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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Benchmark disclosure

The Investment Advisor will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the Fund's investments will be components of the reference benchmark. However, their weightings may deviate materially from those of the reference benchmark. The deviation of the Fund's underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 31 March 2023

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Glossary



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HSBC Global Asset Management (Singapore) Limited
10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983

Telephone: (65) 6658 2900 Facsimile: (65) 6225 4324

Website: www.assetmanagement.hsbc.com/sg

Company Registration No. 198602036R

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Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AC USD	2.29	0.97	2.29	3.62	-6.10	-2.74	-0.55	-0.09
AC USD (Net)*	-0.69	-1.98	-0.69	0.60	-8.83	-3.69	-1.14	-0.53
AM3HSGD SGD	2.01	0.86	2.01	3.18	-6.65	-3.05	--	-1.06
AM3HSGD SGD (Net)*	-0.96	-2.08	-0.96	0.18	-9.37	-4.00	--	-1.64

Calendar year performance (%)	2018	2019	2020	2021	2022
AC USD	-1.21	11.10	6.17	-4.20	-16.08
AC USD (Net)*	-4.09	7.86	3.08	-6.99	-18.52
AM3HSGD SGD	--	10.33	5.70	-4.33	-16.34
AM3HSGD SGD (Net)*	--	7.12	2.62	-7.12	-18.78

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
AM3HSGD	SGD	Monthly	29 March 2023	0.036044	5.68%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	29 June 2016	LU1436995101	USD	USD 5,000	9.94	1.100%	Accumulating
AM3HSGD	13 April 2018	LU1560770627	SGD	USD 5,000	7.85	1.100%	Distributing

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

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***Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.**

The above table cites the last dividend paid within the last 12 months only.

Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. A positive distribution yield does not imply a positive return. Past distribution yields and payments do not represent future distribution yields and payments. Historical payments may comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x n; The calculation method of annualised yield from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$, n depends on the distributing frequency. Annually distribution is 1; semi-annually distribution is 2; quarterly distribution is 4; monthly distribution is 12.

The annualised dividend yield is calculated based on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Asset Management (Singapore) Limited website.

Source: HSBC Asset Management, data as at 31 March 2023