

## HSBC Global Investment Funds

# INDIA FIXED INCOME

Monthly report 31 March 2023 | Share class ACSGD

### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Indian bonds and other similar securities.

### Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, the Fund will invest at least 90% of its assets in Indian rupee denominated investment grade bonds, non-investment grade bonds and unrated bonds issued by government and corporate entities; investment grade, non-investment grade and unrated bonds issued by government, government-related entities and companies that are based in or carrying out the larger part of their business in India that are denominated in other currencies; cash and money market instruments; and other financial instruments such as structured products. The Fund may be subject to a limit on its investments in India. Where this is the case the Fund may invest in non-INR denominated fixed income securities or derivatives. The Fund may invest up to 100% in bonds issued by the Indian government and government-related entities. The Fund may invest up to 20% in cash and money market instruments. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds. 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 11.10**

Performance 1 month **0.51%**

Yield to maturity **7.52%**

#### Fund facts

UCITS V compliant **Yes**

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

Dividend treatment **Accumulating**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base Currency **SGD**

Domicile **Luxembourg**

Inception date **3 December 2015**

Fund Size **USD 536,054,875**

Managers **Ming Leap  
Fouad Mouadine**

#### Fees and expenses

Minimum initial investment (SG)<sup>1</sup> **SGD 1,000**

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

Management fee **1.100%**

#### Codes

ISIN **LU1317426903**

Bloomberg ticker **HSACSGD LX**

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

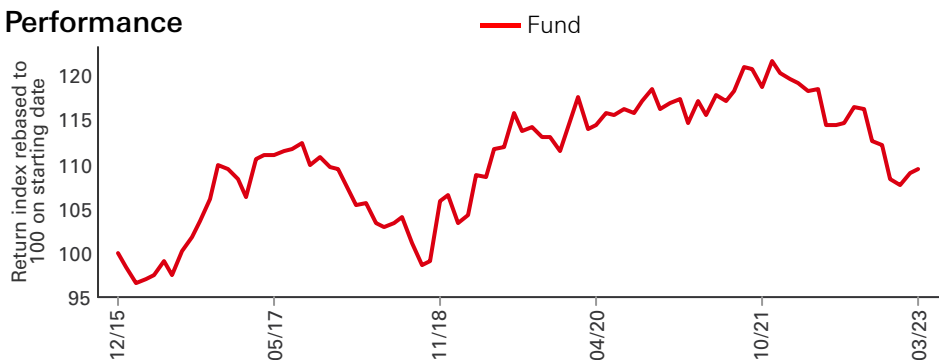
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark

\*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.

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
<b>ACSGD</b>	<b>1.13</b>	<b>0.51</b>	<b>1.13</b>	<b>-5.71</b>	<b>-7.44</b>	<b>-1.33</b>	<b>0.73</b>
ACSGD (Net)*	-1.82	-2.42	-1.82	-8.46	-10.13	-2.30	0.14

Calendar year performance (%)	2018	2019	2020	2021	2022
<b>ACSGD</b>	<b>-2.64</b>	<b>4.54</b>	<b>4.89</b>	<b>2.81</b>	<b>-9.93</b>
ACSGD (Net)*	-5.48	1.50	1.84	-0.18	-12.55

3-Year Risk Measures	ACSGD	Reference benchmark	5-Year Risk Measures	ACSGD	Reference benchmark
Volatility	5.11%	--	Volatility	6.70%	--
Sharpe ratio	-0.51	--	Sharpe ratio	-0.11	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	54	--	--
Average coupon rate	7.00	--	--
Yield to worst	7.51%	--	--
Yield to maturity	7.52%	--	--
Current yield	7.03%	--	--
Option Adjusted Duration	4.52	--	--
Modified Duration to Worst	4.49	--	--
Average maturity	5.91	--	--
Number of issuers	23	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
AAA	0.94	--	--	0-2 years	0.04	--	--
BBB	67.57	--	--	2-5 years	1.17	--	--
BB	2.31	--	--	5-10 years	3.22	--	--
NR	28.22	--	--	10+ years	0.10	--	--
Cash	0.96	--	--	Cash	0.00	--	--
				<b>Total</b>	<b>4.52</b>	<b>--</b>	<b>--</b>

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

<b>Sector Allocation (%)</b>	<b>Fund</b>	<b>Reference benchmark</b>	<b>Relative</b>
Sovereign	65.52	--	--
Diversified Finan Serv	10.21	--	--
Regional(state/provnc)	9.98	--	--
Bank	8.45	--	--
Transportation	3.05	--	--
Oil & gas	1.24	--	--
Electric	0.59	--	--
Cash	0.96	--	--

<b>Top 10 Holdings</b>	<b>Weight (%)</b>
INDIA GOVT BOND 6.790 15/05/27	9.85
INDIA GOVT BOND 7.260 22/08/32	8.62
INDIA GOVT BOND 7.170 08/01/28	8.15
INDIA GOVT BOND 6.540 17/01/32	7.17
INDIA GOVT BOND 7.260 14/01/29	7.00
INDIA GOVT BOND 7.380 20/06/27	5.88
INDIA GOVT BOND 7.100 18/04/29	4.70
INDIA GOVT BOND 6.790 26/12/29	3.41
INDIA GOVT BOND 7.950 28/08/32	3.00
HDFC BANK LTD 8.440 28/12/28	2.35

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

## Monthly performance commentary

### Review

The Indian domestic bond market ended March positively with the Indian sovereign yield curve bull steepened over the month. Meanwhile, corporate yield curve shifted lower over the month. February inflation remained elevated YoY, led by a strong rise in cereal and milk prices. Core inflation rose MoM, and remained elevated in YoY terms, with healthcare and household goods and services inflation remained elevated. The January Index of Industrial Production rose on a sequential basis, following a brief contraction in December. Capital and infra goods production rose smartly, following the sequential contraction in December. Consumer goods production also expanded on a sequential basis, following contraction in the previous month, of which, the sequential growth in durable goods output outpaced non-durables goods output. The INR appreciated against the USD as equity outflows flipped into inflows but underperformed other EM currencies.

### Portfolio strategy

The fund returned positively in March. The fund's duration exposure contributed the most as the sovereign yield curve shifted downwards. Meanwhile, FX exposure also contributed positively as the INR appreciated against the USD over the month given equity outflows flipped into inflows. On the other hand, the fund's credit exposure detracted, mainly from India sovereigns and bank subordinated debt. Elsewhere, yield carry continued to contribute to the returns.

In terms of the fund's strategy, we remain a short duration as a view despite a pause in rate hike by the RBI given, they emphasized that the move was a pause but not a fullstop. We continue to prefer government bonds over corporates that currently have tight spreads, favouring 5 - 7-year tenor for better risk-reward and waiting for better levels on 10-year. We remain constructive on INR corporate bonds and prefer government services names that offer yield pick-up and similar interest rate risk profile against the sovereign bonds. We are gradually adding exposure to offshore USD bonds on the back of attractive all-in yields.

### Outlook


The RBI has considered inflation, growth and the currency over the past year when it came to monetary policy decisions. Although both core and food inflation remain elevated, we expect the RBI could come to a pause in rate hikes earlier amid global volatility and we believe that the RBI will not want to achieve its inflation target of 4% at the cost of lower growth. The informal sector is now driving the growth momentum and overall growth remains steady and balanced. At the same time, currency stability has been an important driver of rate policy for the past year. The rupee has been relatively stable so far in 2023 due to narrowing trade deficit, dollar stability and rising net services exports. Strong growth is expected in the coming years driven by structural improvements and domestic demand to support the rupee, while the end of the Fed hiking cycle should allow for modest INR appreciation. Meanwhile, global factors such as the peaking of US Fed Funds and oil prices would also influence the terminal rate from the RBI standpoint. In this context, we continue to monitor the decisions of global central banks and remain cautious on the rates front.

Finally, we continue to expect yields to inch up in early 2023 as increased supply meets reduced demand from banks and the volatility of short to medium term segment remains low. Overall, we are cautiously optimistic that the Indian bond markets will stay resilient and will continue to provide diversification and yield enhancement for investors in the near and medium term

## 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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### Glossary



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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC USD	2.02	1.77	2.02	1.76	-5.78	0.95	0.43
AC USD (Net)*	-0.95	-1.19	-0.95	-1.20	-8.52	-0.04	-0.16
ACSGD SGD	1.13	0.51	1.13	-5.71	-7.44	-1.33	0.73
ACSGD SGD (Net)*	-1.82	-2.42	-1.82	-8.46	-10.13	-2.30	0.14
AD USD	2.03	1.76	2.03	1.76	-5.80	0.94	0.42
AD USD (Net)*	-0.94	-1.20	-0.94	-1.20	-8.55	-0.05	-0.17
AM2 USD	2.03	1.77	2.03	1.76	-5.79	0.95	0.43
AM2 USD (Net)*	-0.94	-1.19	-0.94	-1.20	-8.53	-0.04	-0.17
AM3OSGD SGD	1.76	1.66	1.76	1.35	-6.32	0.57	-0.15
AM3OSGD SGD (Net)*	-1.20	-1.30	-1.20	-1.60	-9.05	-0.42	-0.74

Calendar year performance (%)	2018	2019	2020	2021	2022
AC USD	-4.54	5.98	6.72	0.78	-9.47
AC USD (Net)*	-7.32	2.89	3.61	-2.15	-12.10
ACSGD SGD	-2.64	4.54	4.89	2.81	-9.93
ACSGD SGD (Net)*	-5.48	1.50	1.84	-0.18	-12.55
AD USD	-4.55	5.96	6.72	0.77	-9.48
AD USD (Net)*	-7.33	2.87	3.61	-2.17	-12.12
AM2 USD	-4.54	5.96	6.72	0.78	-9.48
AM2 USD (Net)*	-7.32	2.87	3.61	-2.15	-12.12
AM3OSGD SGD	-5.50	5.10	6.16	0.59	-9.79
AM3OSGD SGD (Net)*	-8.25	2.04	3.07	-2.34	-12.42

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

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACSGD	SGD	--	--	--	--
AD	USD	Annually	6 July 2022	0.396744	5.08%
AM2	USD	Monthly	29 March 2023	0.042278	7.65%
AM3OSGD	SGD	Monthly	29 March 2023	0.034955	6.34%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 August 2012	LU0780247804	USD	USD 5,000	12.93	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.10	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	7.80	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	6.86	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	6.81	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.**

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