

## HSBC Global Investment Funds

# ASIA HIGH YIELD BOND

Monthly report 31 March 2023 | Share class AM3HAUD

### Investment objective

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

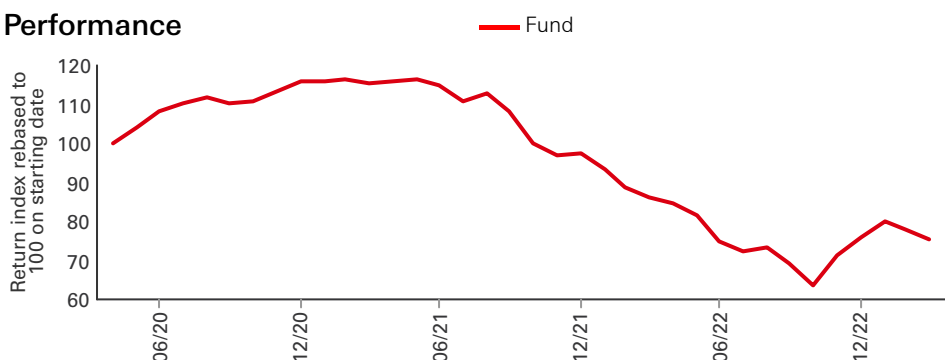
### Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% of its assets in non-investment grade bonds and unrated bonds issued either by companies based in or carry out the larger part of their business in Asia, or by governments, government-related entities and supranational entities based in Asia. The Fund may invest up to 30% 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. The Fund may also invest up to 15% of its assets in contingent convertible securities. The Fund may invest up to 10% of its assets in other funds, including HSBC funds. The Fund's primary currency exposure is to US dollars (USD). See the Prospectus for a full description of the investment objectives and derivative usage.

### Main risks

- The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.
- 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.

### Performance



### Share class details

Key metrics	
NAV per share	<b>AUD 5.79</b>
Performance 1 month	<b>-2.75%</b>
Yield to maturity	<b>13.82%</b>
Fund facts	
UCITS V compliant	<b>Yes</b>
ISA eligible	<b>Yes</b>
Dividend treatment	<b>Distributing</b>
Distribution frequency	<b>Monthly</b>
Dividend ex-date	<b>29 March 2023</b>
Dividend yield <sup>1</sup>	<b>12.45%</b>
Last paid dividend	<b>0.050863</b>
Dealing frequency	<b>Daily</b>
Valuation time	<b>17:00 Luxembourg</b>
Share class base currency	<b>AUD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>14 April 2020</b>
Fund size	<b>USD 1,142,030,519</b>
Managers	<b>Alfred Mui Ming Leap</b>

Fees and expenses	
Minimum initial investment <sup>2</sup>	<b>USD 5,000</b>
Ongoing charge figure <sup>3</sup>	<b>1.622%</b>

Codes	
ISIN	<b>LU2098770311</b>
Bloomberg ticker	<b>HSHYAM3 LX</b>
SEDOL	<b>BKF2GG8</b>

<sup>1</sup>Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.

<sup>2</sup>Please note that initial minimum subscription may vary across different distributors

<sup>3</sup>Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

**Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.**

**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 (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM3HAUD	-0.04	-2.75	-0.04	9.43	-12.03	--	--	-8.90

Rolling performance (%)	31/03/22-31/03/23	31/03/21-31/03/22	31/03/20-31/03/21	31/03/19-31/03/20	31/03/18-31/03/19
AM3HAUD	-12.03	-25.48	--	--	--

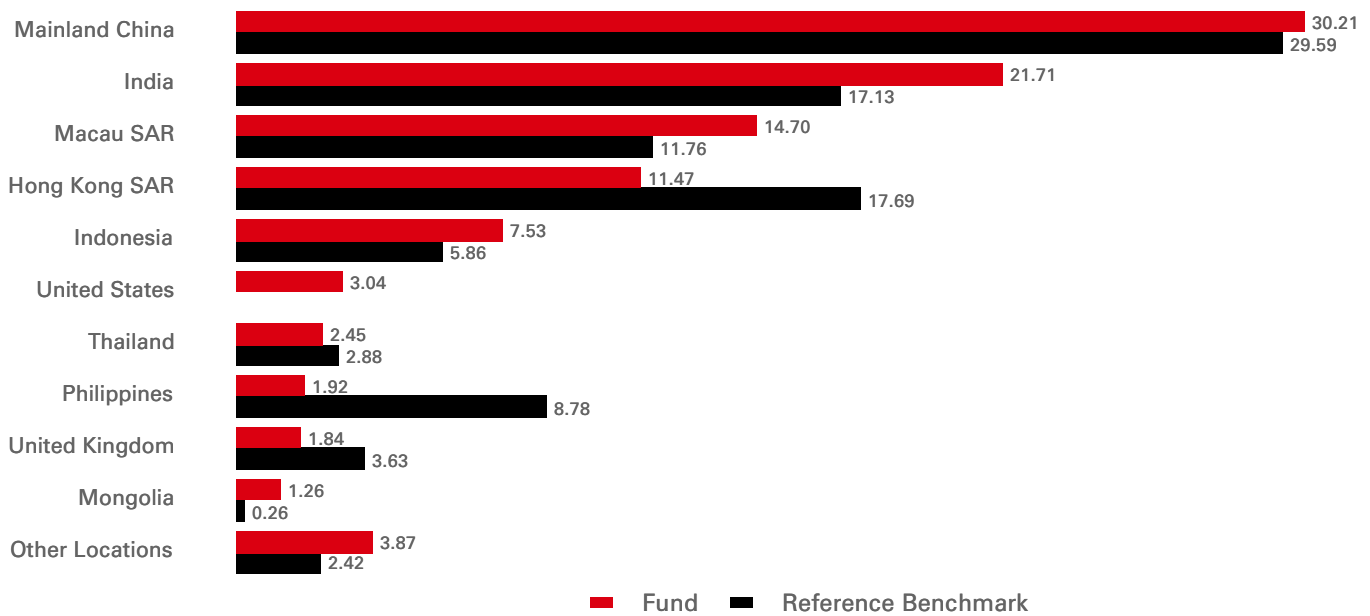
3-Year Risk Measures	AM3HAUD	Reference Benchmark	5-Year Risk Measures	AM3HAUD	Reference Benchmark
Volatility	--	--	Volatility	--	--
Sharpe ratio	--	--	Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference Benchmark	Relative
No. of holdings ex cash	210	289	--
Yield to worst	13.68%	12.85%	0.83%
Yield to maturity	13.82%	12.96%	0.87%
Modified duration to worst	3.09	2.96	0.13
Option adjusted spread duration	2.77	3.50	-0.73
Average maturity	4.09	4.75	-0.67
Rating average	BB/BB-	BB/BB-	--
Number of issuers	106	146	--

Credit rating (%)	Fund	Reference Benchmark	Relative	Maturity Breakdown (Option adjusted duration)	Fund	Reference Benchmark	Relative
AAA	3.04	--	3.04	0-2 years	0.31	0.38	-0.07
A	0.21	0.34	-0.13	2-5 years	1.15	1.17	-0.02
BBB	4.98	0.74	4.23	5-10 years	0.61	0.71	-0.10
BB	49.41	53.92	-4.51	10+ years	0.83	0.41	0.42
B	22.87	17.34	5.53	<b>Total</b>	<b>2.90</b>	<b>2.67</b>	<b>0.23</b>
CCC	6.02	3.13	2.89				
C	0.47	0.94	-0.47				
NR	11.11	23.59	-12.48				
Cash	1.91	--	1.91				

Currency Allocation (%)	Fund	Reference Benchmark	Relative
USD	97.20	100.00	-2.80
CNH	2.00	--	2.00
SGD	1.07	--	1.07
JPY	0.91	--	0.91
CNY	0.01	--	0.01
AUD	0.00	--	0.00
EUR	0.00	--	0.00
HKD	0.00	--	0.00
CHF	0.00	--	0.00
GBP	-0.11	--	-0.11
Other Currencies	-1.07	--	-1.07

**Geographical allocation (%)**



Sector allocation (%)	Fund	Reference Benchmark	Relative
Real Estate	29.90	24.88	5.02
Consumer Cyclical	21.48	20.09	1.39
Energy	11.87	9.18	2.69
Banks	8.05	18.44	-10.40
Industrial	5.53	3.83	1.70
Basic Materials	5.11	5.61	-0.50
Consumer Non cyclical	4.40	2.42	1.98
Government	3.36	--	3.36
Utilities	2.89	6.53	-3.64
Communications	2.41	2.54	-0.14
Other Sectors	3.09	6.47	-3.37
Cash	1.91	--	1.91

<b>Top 10 holdings</b>	<b>Weight (%)</b>
SANDS CHINA LTD 4.300 08/01/26	2.07
WYNN MACAU LTD 5.500 15/01/26	1.71
US TREASURY N/B 3.000 15/08/52	1.55
US TREASURY N/B 3.625 15/02/53	1.49
COUNTRY GARDEN 8.000 27/01/24	1.48
NWD FINANCE(BVI) 4.125	1.47
HPCL-MITTAL ENER 5.250 28/04/27	1.47
INDIA AIRPORT 6.250 25/10/25	1.46
NWD FINANCE(BVI) 6.150	1.39
YANLORD LAND HK 5.125 20/05/26	1.39

## 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. 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 and Philippines financials did not perform well also. 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. Pakistan sovereign, Sri Lanka quasi-sovereign and China real estate widened the most. Pakistan was waiting for the delayed IMF funding approval while the news of a Chinese property developer deferring coupon payment on its perpetual notes weighed on sentiment for the sector as it proved that operating environment has yet to be improved.

### Portfolio strategy

The fund returned negatively and underperformed the benchmark for March despite lower US treasury yields. On a relative basis, the fund's credit exposure detracted from its overweight in China property developers with concrete short term funding prospects but uncertain long term funding visibility during some rebalancing activities ahead of earnings and lingering concerns of further defaults. The fund's selection in stronger China developers with SOE linkage or steady recurring income also detracted despite offset partly by its overweight. Meanwhile, the fund's selection in Indonesia property and India HY corporates as well as renewables also detracted. The fund benefited the most from its underweight in global bank AT1s in light of the write-down of a particular European bank's AT1s. Elsewhere, the fund's duration exposure detracted given its initial short duration positioning as US Treasury yields edged lower over the month. On the other hand, the fund's FX exposure helped offsetting the downside, particularly from the long SGD position. In terms of positioning, we maintained our overweight in the China property sector, continue to ride on the positive change in the sector sentiment in light of China reopening and the supportive tone on the property sector from the authority, while remaining selective with an emphasis on the better quality companies, which will more likely to benefit from the funding loosening policies in the sector, reflecting mostly our conviction on the individual credit rather than our view on the sector. We maintained small overweight in Macau gaming on the strong recovery momentum in the gaming industry as well as pent-up demand from the premium mass. The reopening in China continued to improve the sector and Macau's economic recovery. We maintain our overweight in India and Indonesia corporates, particularly those that we expect to benefit from the economic growth. Of note, we favour the Indonesia property sector which we expect to benefit from further improvement in local economic conditions. In India, we also favour the renewable energy sector which we expect to remain well supported by global sustainable investors. On the other hand, we are underweight sectors which we find valuations unattractive. For instance, we are underweight Hong Kong and Philippines and bank subordinated debt. During the month, we turned overweight in the fund's duration exposure amid falling US Treasury yields in light of the looming recession risk and vulnerability in the banking industry. We have also used interest rate futures to help manage our duration exposure actively.

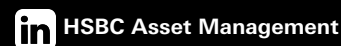
### Outlook

Asia credit has demonstrated its resilience amid heightened market turbulence due to lingering concerns on the global banking sector. We believe Asian banks are 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 its global peers. Most Asian countries are in a 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, this could 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. For the high yield space, we believe it is important to stay highly selective in high quality names with strong balance sheets and access to funding in the China property space as we still expect some near-term volatility given the uncertainty in the sector's recovery. On the positive note, we continue to see signs of strong economic recovery in China after reopening led by the construction and services sectors. Going forward, the focus will likely be on addressing the credit transmission gap, with China signalling the end of the deleveraging cycle for the property sector. Meanwhile, ASEAN countries are seeing meaningful improvement in their macroeconomic fundamentals and the region is also benefitting from the China reopening story. These developments together with the strong local funding access available to ASEAN issuers should help keep the overall default rate at a manageable level without much spill-over risk. The recent corrections would allow investors to take advantage of higher yields and cheaper valuations.

## Risk disclosures

- 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.
- Further information on the potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

Follow us on:



---

UK Investor/Adviser E-mail:  
wholesale.clientservices@hsbc.com  
Lines are open 9am to 5pm Monday to  
Friday (excluding public holidays). To  
help the ACD and the Administrator  
continually improve their services and in  
the interests of security, they may  
monitor and/or record your  
communications with them.

---

## Glossary



## Index disclaimer

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2023, J.P. Morgan Chase & Co. All rights reserved.

## 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**

## Important information

The material contained herein is for marketing purposes and is for your information only. This document is not contractually binding nor are we required to provide this to you by any legislative provision. It does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

This fund is a sub-fund of the HSBC Global Investment Funds, a Luxembourg domiciled Société d'investissement à Capital Variable (SICAV). UK based investors in HSBC Global Investment Funds are advised that they may not be afforded some of the protections conveyed by the provisions of the Financial Services and Markets Act 2000. HSBC Global Investment Funds is recognised in the United Kingdom by the Financial Conduct Authority under section 264 of the Act. The shares in HSBC Global Investment Funds have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons. All applications are made on the basis of the current HSBC Global Investment Funds Prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID) and most recent annual and semi-annual reports, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London, E14 5HQ. UK, or the local distributors. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID and additionally, in the case of retail clients, the information contained in the supporting SID.

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Approved for issue in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority. [www.assetmanagement.hsbc.co.uk](http://www.assetmanagement.hsbc.co.uk)

Copyright © HSBC Global Asset Management (UK) Limited 2023. All rights reserved.

Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at [www.assetmanagement.hsbc.co.uk](http://www.assetmanagement.hsbc.co.uk)