

## HSBC Global Investment Funds

# GLOBAL HIGH INCOME BOND

Monthly report 31 March 2023 | Share class AC

### Investment objective

The Fund aims to provide income by investing in a portfolio of higher yielding bonds, while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.

### Investment strategy

The Fund is actively managed. The Fund may invest in investment grade rated and high yield bonds, Asian and Emerging Market debt instruments and may invest in bonds issued by governments, government agencies in developed and emerging markets. The Fund's asset allocation is managed with regard to the following neutral positions: 25% USD Emerging Market bonds, 17.5% US based investment grade corporate bonds, 17.5% US based high yield bonds, 15% Euro denominated investment grade corporate bonds hedged to USD, 15% Euro denominated high yield bonds hedged to USD, 10% Global Securitised. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process. The Fund will not invest in bonds issued by companies with involvement in specific excluded activities, such as, tobacco and controversial weapons. The Fund may invest up to 10% in onshore Chinese bonds, up to 10% in convertible bonds, up to 10% in contingent convertible securities and up to 20% in asset backed securities and mortgage-backed securities. 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	<b>USD 14.78</b>
Performance 1 month	<b>0.83%</b>
Yield to maturity	<b>7.18%</b>

#### Fund facts

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash / SRS (Supplementary Retirement Scheme)</b>
Dividend treatment	<b>Accumulating</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>USD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>28 July 2010</b>
Fund Size	<b>USD 789,795,418</b>
Reference benchmark	<b>100% Bloomberg Global Aggregate Corporate Bond Index USD Hedged</b>

Managers	<b>Jerry Samet Ricky Liu Andrew John Jackson Jaymeson Paul Kumm Jean Olivier Neyrat</b>
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#### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000</b>
Maximum initial charge (SG)	<b>3.000%</b>
Management fee	<b>1.250%</b>

#### Codes

ISIN	<b>LU0524291613</b>
Bloomberg ticker	<b>HGHIBDA LX</b>

<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**

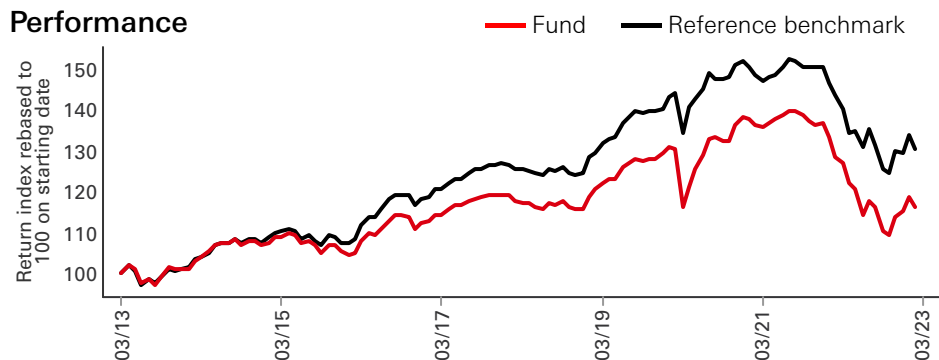
**\*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.**

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

**Reference Performance Benchmark: Bloomberg Barclays Global Aggregate Corporate USD Hedged since 1 Sep 2019. Prior to that, was 35% Bloomberg Barclays USD Emerging Markets 20% Bloomberg Barclays US Aggregate Corporate Baa 15% Bloomberg Barclays US High Yield Ba 15% Bloomberg Barclays Euro Aggregate Corporate Baa Hedged USD 15% Bloomberg Barclays Euro High Yield BB Hedged USD.**

**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>AC</b>	<b>1.83</b>	<b>0.83</b>	<b>1.83</b>	<b>6.19</b>	<b>-7.72</b>	<b>0.24</b>	<b>-0.03</b>
AC (Net)*	-1.13	-2.10	-1.13	3.09	-10.41	-0.74	-0.62
Reference benchmark	3.14	2.13	3.14	6.35	-4.98	-0.28	1.24

Calendar year performance (%)	2018	2019	2020	2021	2022
<b>AC</b>	<b>-3.15</b>	<b>12.07</b>	<b>6.79</b>	<b>-1.15</b>	<b>-15.76</b>
AC (Net)*	-5.97	8.81	3.68	-4.03	-18.21
Reference benchmark	-1.67	12.38	8.26	-0.79	-14.11

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	8.03%	7.57%	Volatility	8.21%	7.06%
Sharpe ratio	-0.08	-0.15	Sharpe ratio	-0.18	-0.03
Tracking error	3.42%	--	Tracking error	3.32%	--
Information ratio	0.15	--	Information ratio	-0.38	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	588	15,494	--
Average coupon rate	4.38	3.33	1.05
Yield to worst	7.03%	4.97%	2.06%
Option Adjusted Duration	4.91	6.14	-1.24
Modified Duration to Worst	5.25	6.15	-0.90
Option Adjusted Spread Duration	5.15	6.31	-1.16
Average maturity	7.40	8.76	-1.35
Rating average	BBB+/BBB	A-/BBB+	--
Number of issuers	354	2113	--

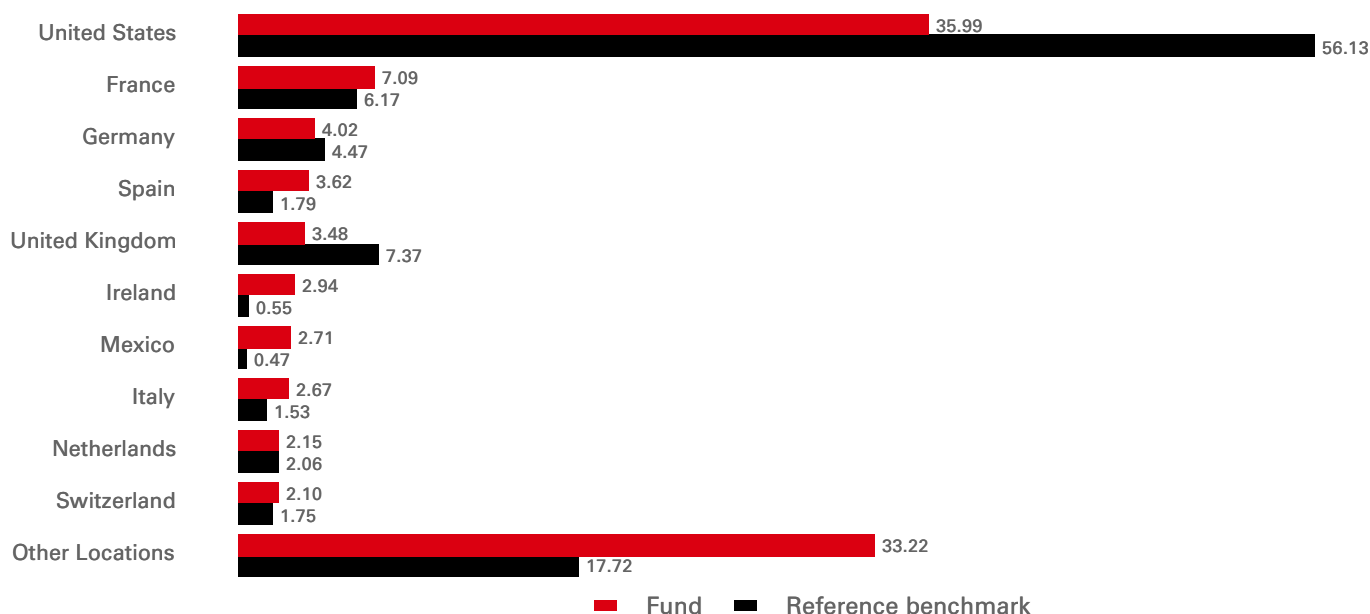
Credit rating (%)	Fund	Reference benchmark	Relative	Asset allocation (%)	Fund	Reference benchmark	Relative
AAA	8.47	0.94	7.53	USD Corporates	30.21	64.44	-34.23
AA	1.97	7.53	-5.57	EUR Corporates	26.39	22.98	3.41
A	11.23	42.05	-30.81	EMD	21.67	3.66	18.01
BBB	40.53	49.48	-8.95	ABS	8.60	0.01	8.58
BB	22.94	--	22.94	US Treasuries	7.62	--	7.62
B	8.10	--	8.10	Others	0.60	8.90	-8.31
CCC	1.12	--	1.12	Cash	4.92	--	4.92
CC	0.21	--	0.21				
C	0.16	--	0.16				
D	0.03	--	0.03				
NR	0.32	--	0.32				

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 Fund return: NAV-to-NAV basis. For comparison with benchmark  
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 Source: HSBC Asset Management, data as at 31 March 2023

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.17	0.16	0.02
2-5 years	0.98	1.07	-0.09
5-10 years	1.80	1.76	0.04
10+ years	1.95	3.15	-1.20
<b>Total</b>	<b>4.91</b>	<b>6.14</b>	<b>-1.24</b>

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.40	100.00	-0.60
EUR	0.67	--	0.67
GBP	0.02	--	0.02
AUD	0.01	--	0.01
SGD	0.00	--	0.00
HKD	0.00	--	0.00
ZAR	0.00	--	0.00
CAD	0.00	--	0.00
Other Currencies	-0.10	--	-0.10

### Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial	26.63	39.67	-13.04
Government	17.53	0.01	17.52
Energy	9.49	5.80	3.69
Communications	6.72	8.27	-1.54
Consumer Cyclical	5.96	6.64	-0.68
Consumer Non cyclical	5.43	16.03	-10.60
Utilities	4.86	8.48	-3.61
Basic Materials	4.51	2.75	1.76
Mortgage Securities	4.27	--	4.27
Asset Backed Securities	4.07	--	4.07
Other Sectors	5.61	12.36	-6.75
Cash	4.92	--	4.92

<b>Top 10 Holdings</b>	<b>Weight (%)</b>
US TREASURY N/B 2.750 15/08/32	1.78
US TREASURY N/B 4.375 31/10/24	1.03
GLB AIR LEASE CO 7.250 15/09/24	0.84
US TREASURY N/B 4.125 31/01/25	0.83
TDF INFRASTRUCTU 1.750 01/12/29	0.82
AMERICAN AIRLINE 5.500 20/04/26	0.76
UNTD AIR 20-1 A 5.875 15/10/27	0.68
CCO HOLDINGS LLC 7.375 01/03/31	0.63
CRED SUIS NY 3.625 09/09/24	0.60
INTESA SANPAOLO 3.875 14/07/27	0.58

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

## Monthly performance commentary

March was a volatile month as a potential Banking crisis drove sharp moves in both rates and spreads. What started as a seemingly isolated incident with SVB followed by Signature banks ultimately saw market pressure on financials more broadly leading to the collapse and takeover of Credit Suisse by UBS. This saw strong risk off sentiment drive a large rally in Treasuries and government bonds while spreads widened out before staging a late month recovery as markets settled down. As a result, total returns in credit markets still ended the month in positive territory. Issuance decreased as a result of market volatility in March with IG coming in at \$117.2 billion while HY supply \$5.2 billion issued. Treasury yields fell sharply in March with the curve normalizing somewhat but remaining inverted. The 2, 5, 10 and 30 year yields moved 79, 61, 45 and 27 basis points lower to end the quarter at 4.03%, 3.57%, 3.47% and 3.65% respectively.

In this context the strategy delivered positive performance on an absolute basis gross of fees.

Over the month the portfolio saw positive absolute contributions to return from US Credit and EM while Euro and Securitized Credit saw negative total returns. The best performing segment was US Credit followed by EM while Securitized Credit was the weakest followed by Euro Credit. All segments underperformed their investment universes over the month.

From a sector perspective the fund remains predominantly invested in corporate BBB and BB credit with an allocation to sovereigns at 19% and structured credit at 9%. From a credit perspective the fund has an average credit rating of BBB+/BBB with 67% investment grade which includes 5% cash and 33% below investment grade. Regionally, the strategy has exposure to US Credit 28%, EUR Credit 25%, EM 27% and Structured Credit 9%. The 3 top industry sector exposures are to financials, sovereigns and energy. High quality financials offer attractive valuations despite recent volatility in the sector. Higher quality energy also looks attractive and remains supported by higher oil prices while the elevated exposure to sovereigns is as a result of our more defensive positioning in credit. The current portfolio duration is at 4.91 years on an option adjusted basis.

### Outlook


The collapse of SVB, Signature Bank and Credit Suisse saw a swift move in market sentiment overshadowing strong economic data as worries of a broader banking crisis drove a flight to safe haven assets. While market fears of contagion in the financial sector subsided into month end, the sharp fall in yields as well as potentially tighter bank lending conditions have seen the market now price in a more severe slowdown as well as rate cuts later in 2023. While corporate spreads widened out significantly at the peak of the crisis, markets were able to retrace tighter but still ended the month at wider levels. Although fundamentals appear relatively solid, they have been weakening and are expected to do so further as the economic slowdown continues to take hold. Despite wider spreads, valuations are still less than compelling at these levels as we don't see compelling short-term catalysts to send spreads meaningfully tighter, however, longer term we still expect that spreads are more likely to move wider as we move towards a recessionary environment. We continue to be tactical with our positioning taking advantage of any short-term opportunities.

In global cross-over portfolios we briefly took advantage of some dislocations in March, but now are reverting to a more cautious credit stance and a more neutral overall portfolio duration positioning heading into 2Q. We continue to see credit spread risk and maintain our lower HY exposure. Regionally we are also maintaining our reduced exposure to the Securitized credit segment and increased allocation to Euro credit. We have recently increased allocation to EM on the back of China re-opening, and away from DM credit where we see spreads as being tight. Cash and cash equivalent exposure remains elevated while developed market sovereign exposure is also on the higher side, reflecting our defensive credit positioning. Some shorter duration cash bonds continue to look attractive, and we have been buying some 5yr and in bonds with good carry on a case-by-case basis across different regional exposures as we still expect carry to be a major component of returns this year.

## 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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## 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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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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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](http://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
AC SGD	0.95	-0.41	0.95	-1.61	-9.34	-2.02	0.24
AC SGD (Net)*	-1.99	-3.31	-1.99	-4.48	-11.98	-2.98	-0.35
AC USD	1.83	0.83	1.83	6.19	-7.72	0.24	-0.03
AC USD (Net)*	-1.13	-2.10	-1.13	3.09	-10.41	-0.74	-0.62
ACHSGD SGD	1.54	0.74	1.54	5.71	-8.32	-0.14	-0.62
ACHSGD SGD (Net)*	-1.42	-2.20	-1.42	2.63	-10.99	-1.12	-1.20
AM2 SGD	0.95	-0.40	0.95	-1.61	-9.34	-2.02	0.24
AM2 SGD (Net)*	-1.99	-3.30	-1.99	-4.47	-11.98	-2.98	-0.35
AM2 USD	1.84	0.84	1.84	6.19	-7.72	0.24	-0.03
AM2 USD (Net)*	-1.13	-2.10	-1.13	3.10	-10.40	-0.74	-0.62
AM3HAUD AUD	1.41	0.70	1.41	5.31	-8.96	-0.52	-0.91
AM3HAUD AUD (Net)*	-1.55	-2.23	-1.55	2.24	-11.61	-1.50	-1.49
*							
AM3HEUR EUR	1.15	0.62	1.15	4.59	-10.21	-1.38	-2.21
AM3HEUR EUR (Net)*	-1.80	-2.31	-1.80	1.54	-12.82	-2.35	-2.79
AM3HSGD SGD	1.54	0.74	1.54	5.72	-8.30	-0.13	-0.61
AM3HSGD SGD (Net)*	-1.41	-2.20	-1.41	2.64	-10.97	-1.11	-1.19
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Calendar year performance (%)	2018	2019	2020	2021	2022		
AC SGD	-1.22	10.56	4.96	0.83	-16.19		
AC SGD (Net)*	-4.10	7.34	1.91	-2.10	-18.64		
AC USD	-3.15	12.07	6.79	-1.15	-15.76		
AC USD (Net)*	-5.97	8.81	3.68	-4.03	-18.21		
ACHSGD SGD	-4.00	11.21	6.09	-1.28	-16.09		
ACHSGD SGD (Net)*	-6.80	7.97	3.00	-4.16	-18.53		
AM2 SGD	-1.23	10.56	4.96	0.84	-16.20		
AM2 SGD (Net)*	-4.11	7.34	1.91	-2.10	-18.64		
AM2 USD	-3.16	12.07	6.79	-1.15	-15.76		
AM2 USD (Net)*	-5.98	8.81	3.68	-4.03	-18.22		
AM3HAUD AUD	-3.55	10.86	5.67	-1.52	-16.67		
AM3HAUD AUD (Net)*	-6.36	7.63	2.59	-4.39	-19.09		
AM3HEUR EUR	-5.92	8.71	5.05	-2.10	-17.74		
AM3HEUR EUR (Net)*	-8.66	5.54	1.99	-4.95	-20.14		
AM3HSGD SGD	-4.00	11.21	6.13	-1.28	-16.08		
AM3HSGD SGD (Net)*	-6.80	7.97	3.03	-4.16	-18.53		

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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.

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	--	--	--	--
ACHSGD	SGD	--	--	--	--
AM2	USD	Monthly	29 March 2023	0.053667	8.31%
AM3HAUD	AUD	Monthly	29 March 2023	0.040094	6.81%
AM3HEUR	EUR	Monthly	29 March 2023	0.034234	5.83%
AM3HSGD	SGD	Monthly	29 March 2023	0.046117	6.98%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	28 July 2010	LU0524291613	USD	USD 5,000	14.78	1.250%	Accumulating
ACHSGD	2 November 2011	LU0669553462	SGD	USD 5,000	13.50	1.250%	Accumulating
AM2	28 July 2010	LU0524291456	USD	USD 5,000	8.09	1.250%	Distributing
AM3HAUD	5 September 2012	LU0798789102	AUD	USD 5,000	7.33	1.250%	Distributing
AM3HEUR	13 September 2012	LU0798789284	EUR	USD 5,000	7.28	1.250%	Distributing
AM3HSGD	25 October 2011	LU0669553546	SGD	USD 5,000	8.22	1.250%	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