HSBC Asset Management

HSBC Global Investment Funds

ASIA HIGH YIELD BOND

Monthly report 31 March 2023 | Share class AM2

Investment objective

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

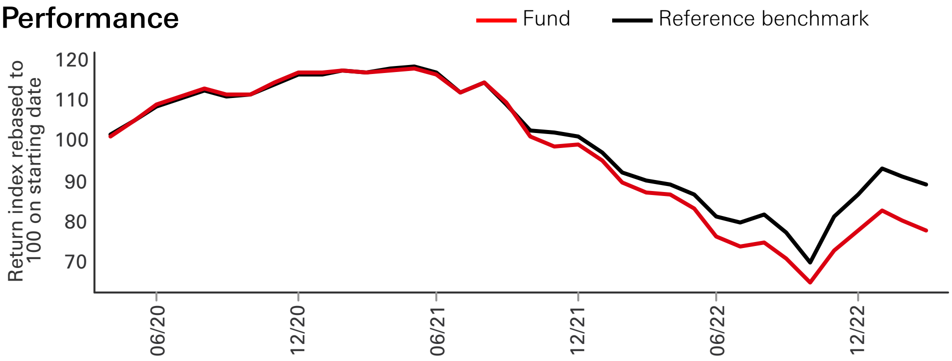
Investment strategy

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 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.

Performance



Share Class Details

Key metrics	
NAV per Share	**USD 5.82**
Performance 1 month	**-2.64%**
Yield to maturity	**13.82%**
Fund facts	
UCITS V compliant	**Yes**
Dividend treatment	**Distributing**
Distribution Frequency	**Monthly**
Dividend ex-date	**29 March 2023**
Dividend Yield[1]	**13.76%**
Last Paid Dividend	**0.057865**
Dealing frequency	**Daily**
Valuation Time	**17:00 Luxembourg**
Share Class Base Currency	**USD**
Domicile	**Luxembourg**
Inception date	**14 April 2020**
Fund Size	**USD 1,142,030,519**
Reference benchmark	**100% JACI Non-Investment Grade Corporate Index**
Managers	**Alfred Mui Ming Leap**
Fees and expenses	
Minimum Initial Investment	**USD 5,000**
Ongoing Charge Figure[2]	**1.600%**
Codes	
ISIN	**LU2066403754**
Valoren	**51654643**
Bloomberg ticker	**HSAHAM2 LX**

[1]Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.
[2]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.

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM2	**0.37**	**-2.64**	**0.37**	**10.25**	**-10.70**	**--**	**--**	**-8.17**
Reference benchmark	2.89	-2.04	2.89	15.23	-0.62	--	--	-3.86

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
AM2	**-10.70**	**-25.13**	**--**	**--**	**--**
Reference benchmark	-0.62	-22.88	--	--	--

3-Year Risk Measures	AM2	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--
Tracking error	--	--
Information ratio	--	--

5-Year Risk Measures	AM2	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--
Tracking error	--	--
Information 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	--

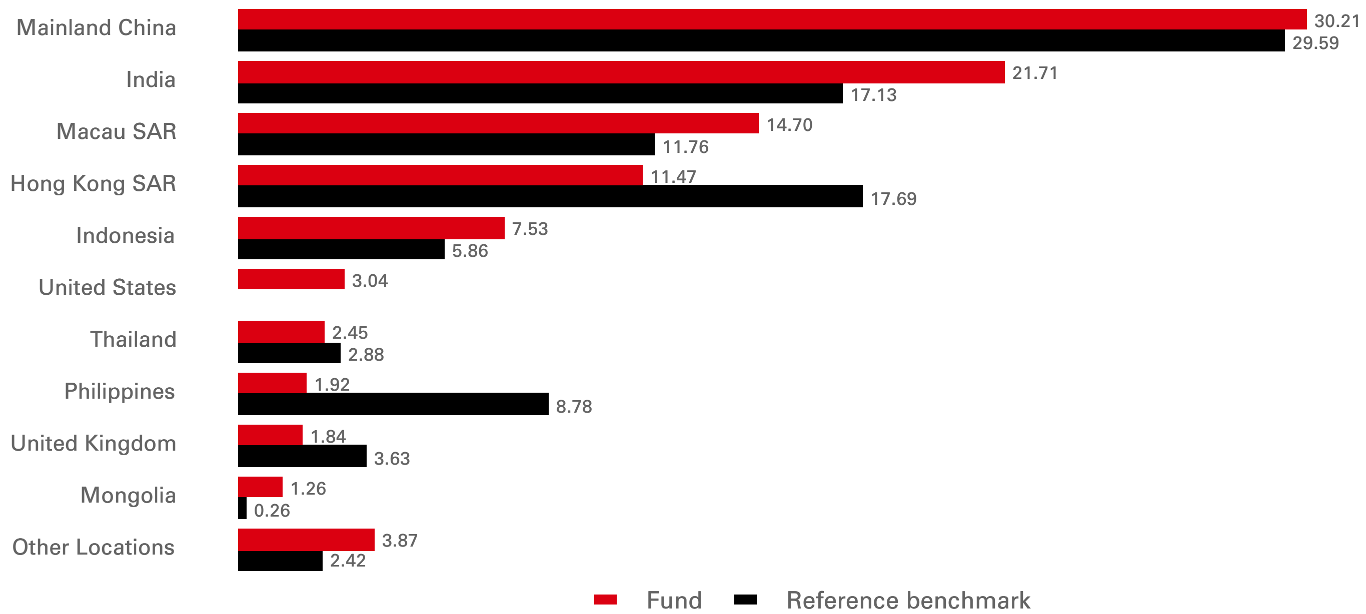
Credit rating (%)	Fund	Reference benchmark	Relative
AAA	3.04	--	3.04
A	0.21	0.34	-0.13
BBB	4.98	0.74	4.23
BB	49.41	53.92	-4.51
B	22.87	17.34	5.53
CCC	6.02	3.13	2.89
C	0.47	0.94	-0.47
NR	11.11	23.59	-12.48
Cash	1.91	--	1.91

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.31	0.38	-0.07
2-5 years	1.15	1.17	-0.02
5-10 years	0.61	0.71	-0.10
10+ years	0.83	0.41	0.42
Total	**2.90**	**2.67**	**0.23**

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.
Source: HSBC Asset Management, data as at 31 March 2023

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

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

Top 10 Holdings	Weight (%)
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

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

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.

The stocks mentioned are for illustrative purposes only and are not investment advice, investments have risks.
Source: HSBC Asset Management, data as at 31 March 2023

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

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HSBC Asset Management

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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.

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The presented fund is authorised for distribution in Switzerland in the meaning of Art. 120 CISA.
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Source: HSBC Asset Management, data as at 31 March 2023