HSBC Asset Management

HSBC Global Investment Funds

GLOBAL LOWER CARBON BOND

Monthly report 29 February 2024 | Share class AM3HSGD

Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of bonds that has a lower carbon footprint than its reference benchmark. The Fund qualifies under Article 8 of SFDR.

Investment strategy

The Fund is actively managed.
In normal market conditions, the Fund will invest at least 70% of its assets in investment grade and non-investment grade bonds issued by companies that are based in developed markets and emerging markets. The Fund will invest in bonds issued by companies with consideration of their Lower Carbon Criteria.
The Fund will also invest in Green Bonds meeting the Green Bond Principles of the International Capital Market Association.The Fund will not invest in companies involved in the production of tobacco or related activities.
The Fund may invest up to 10% in onshore Chinese bonds which are issued within the People's Republic of China and traded on the China Interbank Bond Market.
The Fund may invest up to 10% in non-investment grade bonds and up to 10% in ABS and MBS.
The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds, including HSBC funds.
The Fund's primary currency exposure is to USD.
See the Prospectus for a full description of the investment objectives and derivative usage.

Main risks

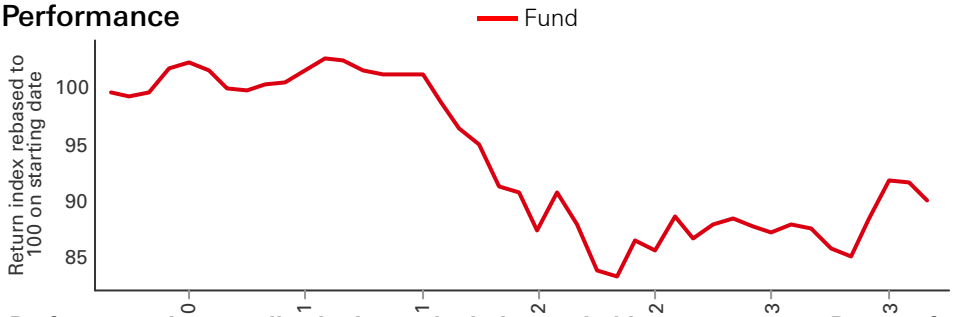
- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is typically greater the longer the maturity of a bond investment and the higher its credit quality. The 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 8.10**
Performance 1 month	**-1.58%**
Yield to maturity	**5.03%**
Fund facts	
UCITS V compliant	**Yes**
Subscription mode	**Cash / SRS (Supplementary Retirement Scheme)**
Dividend treatment	**Distributing**
Distribution Frequency	**Monthly**
Dividend ex-date	**29 February 2024**
Dividend annualised yield	**4.00%**
Last Paid Dividend	**0.026530**
Dealing frequency	**Daily**
Valuation Time	**17:00 Luxembourg**
Share Class Base Currency	**SGD**
Domicile	**Luxembourg**
Inception date	**21 August 2020**
Fund Size	**USD 254,090,348**
Managers	**Jerry Samet Jean Olivier Neyrat Mohamed Imtiaz Siddeeq**
Fees and expenses	
Minimum initial investment (SG)[1]	**SGD 1,000**
Maximum initial charge (SG)	**3.000%**
Management fee	**0.800%**
Codes	
ISIN	**LU1709305251**
Bloomberg ticker	**HGAM3HS LX**

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

Performance



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 KID before making any final investment decisions.
Source: HSBC Asset Management, data as at 29 February 2024

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM3HSGD	**-1.89**	**-1.58**	**1.94**	**2.92**	**4.04**	**-3.36**	**--**	**-2.92**
AM3HSGD (Net)*	-4.74	-4.45	-1.03	-0.08	1.01	-4.30	--	-3.73

Calendar year performance (%)	2019	2020	2021	2022	2023
AM3HSGD	**--**	**--**	**-1.10**	**-15.28**	**7.21**
AM3HSGD (Net)*	--	--	-3.98	-17.74	4.09

Carbon footprint	Fund	Reference benchmark
Carbon intensity emissions	53.80	144.85

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO^2e/USD million)
Source of analytics: Trucost

HSBC ESG Score	ESG score	E	S	G
Fund	6.0	7.5	5.2	6.1
Reference benchmark	5.8	7.3	5.0	5.8

3-Year Risk Measures	AM3HSGD	Reference benchmark
Volatility	7.34%	--
Sharpe ratio	-0.79	--

5-Year Risk Measures	AM3HSGD	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	421	14,515	--
Average coupon rate	3.83	3.36	0.47
Yield to worst	4.86%	4.77%	0.09%
OAD	5.75	5.55	0.20
Modified Duration to Worst	5.74	5.53	0.20
Option Adjusted Spread Duration	5.63	5.63	0.00
Average maturity	8.06	7.64	0.42
Rating average	A/A-	A-/BBB+	--

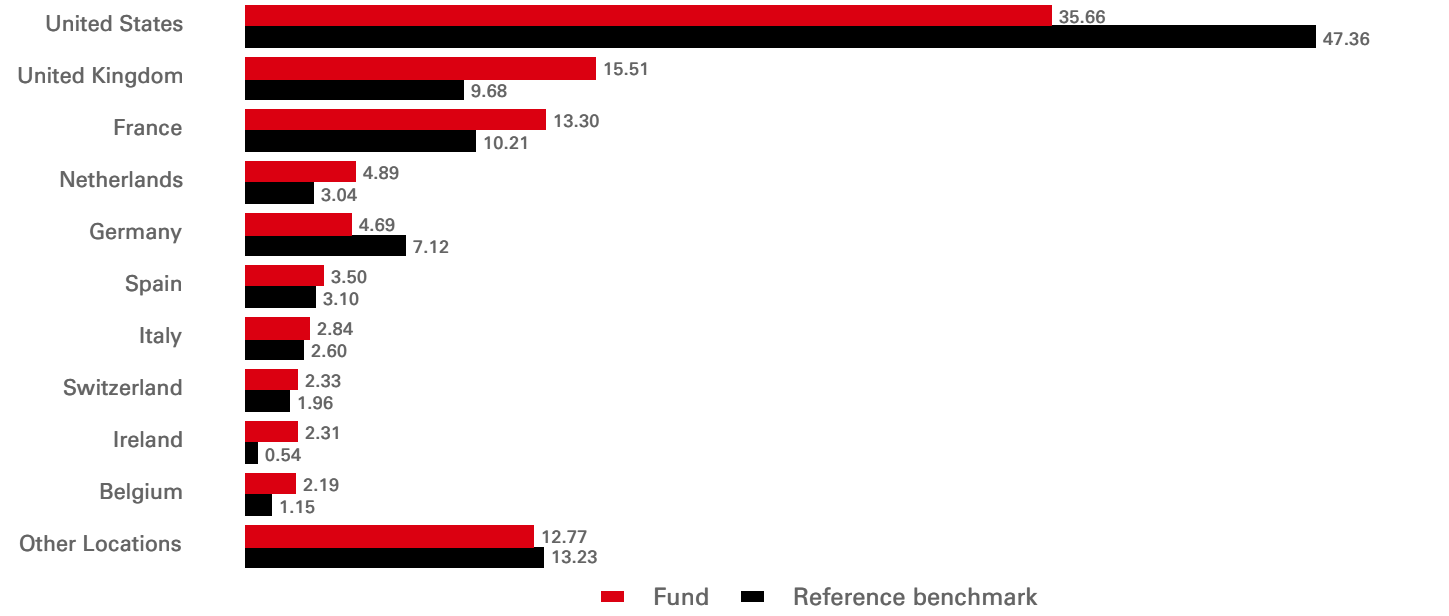
Credit rating (%)	Fund	Reference benchmark	Relative
AAA	1.56	0.76	0.80
AA	10.13	7.67	2.47
A	31.47	42.81	-11.34
BBB	51.92	48.76	3.16
BB	0.86	--	0.86
B	0.07	--	0.07
NR	0.08	--	0.08
Cash	3.91	--	3.91

Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
0-2 years	0.13	0.18	-0.05
2-5 years	1.34	1.13	0.21
5-10 years	2.14	1.81	0.32
10+ years	2.15	2.43	-0.28
Total	**5.75**	**5.55**	**0.20**

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% Bloomberg Global Aggregate Corporates Diversified Index Hedged USD
Source: HSBC Asset Management, data as at 29 February 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.88	100.00	-0.12
EUR	0.13	--	0.13
HKD	0.00	--	0.00
AUD	0.00	--	0.00
CHF	0.00	--	0.00
SGD	0.00	--	0.00
GBP	-0.01	--	-0.01

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial Institutions	49.10	40.73	8.37
Consumer Cyclical	7.54	8.39	-0.85
Consumer Non cyclical	7.10	13.13	-6.03
Utility	6.33	8.91	-2.58
Communications	6.14	7.03	-0.89
Capital Goods	5.60	4.91	0.70
Treasuries	5.37	--	5.37
Technology	3.13	5.51	-2.38
Transportation	1.99	2.99	-0.99
Agencies	1.85	--	1.85
Other Sectors	1.94	8.41	-6.47
Cash	3.91	--	3.91

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% Bloomberg Global Aggregate Corporates Diversified Index Hedged USD
Source: HSBC Asset Management, data as at 29 February 2024

Top 10 Holdings	Weight (%)
US TREASURY N/B 4.125 15/08/53	2.20
PACCAR FINL CORP 4.600 31/01/29	1.57
NEW YORK LIFE GL 4.700 29/01/29	1.17
ASHTEAD CAPITAL 5.800 15/04/34	1.11
JPMORGAN CHASE 4.600	0.94
ASSICURAZIONI 5.272 12/09/33	0.91
US TREASURY N/B 4.375 15/12/26	0.87
SCHNEIDER ELEC 3.250 10/10/35	0.84
ENERGY TRANSFER 6.250 15/04/49	0.83
COREBRIDGE GF 5.900 19/09/28	0.83

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

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% Bloomberg Global Aggregate Corporates Diversified Index Hedged USD
Source: HSBC Asset Management, data as at 29 February 2024

Monthly performance commentary

February saw risk assets and rates move higher as US growth and inflation data came in higher than expected and Q4 corporate earnings were largely in line. Rates stabilized somewhat later in the month as retail sales were weaker than markets had expected. Global Credit total returns were mixed over the month with more rate sensitive IG bonds in negative territory while High Yield remained positive. Monthly supply in IG issuance was $218.6 billion, for a YTD total of $489.9 billion. HY saw $27.8 billion issued over the month for a YTD total of $56.2 billion. US Treasury yields rose in January with the curve reinverting somewhat lead by a larger move in shorter dated maturities. The 2, 5, 10 and 30 year moved higher by 41, 41, 34 and 21 basis points to finish the month at 4.62%, 4.24%, 4.25% and 4.38% respectively. In this market context the fund's benchmark returned -1.04% over the month.

The strategy performance was negative on an absolute basis underperforming the reference benchmark gross of fees.

Regionally the overweight to the UK and Europe added to relative performance as both regions outperformed the US on an asset class basis over the month. This was offset by negative issue selection effects driven by positioning in US, UK and to a lesser extend Euro bonds. Duration positioning also detracted from performance overall. With an overweight to duration and a steepener along the curve the portfolio suffered as rates rose and reinverted somewhat over the month.

Regionally the portfolio is underweight the US, and overweight Europe and the UK. The regional weights for the US, EUR and UK are 47%, 44% and 9% respectively. The average credit rating of the portfolio is A/A- vs the benchmark's A-/BBB+ with an overweight to AAA, AA and BBB rated bonds and an underweight A rated bonds. The fund also has a small off benchmark exposure to BB rated bonds of less than 1%. From an industry perspective the strategy's largest overweights are to financials and treasuries. Financials offer attractive relative value as well as lower relative carbon footprints vs industrials while Treasuries represent the portfolio's more defensive credit positioning. The main underweights are to consumer non-cyclicals and energy on the basis of less attractive valuations as well as a higher carbon footprint for energy. The overall duration is overweight the benchmark by 0.20 years at 5.75 on an option adjusted basis and the portfolio beta is just above 1.

Outlook

Although markets have repriced for a more hawkish central bank stance with rate cuts having been pushed back, the overall soft-landing narrative remains dominant in the mind of investors. While the continued strength of the economy has allowed the Fed to be more patient there seems to be little doubt that their next move is still to cut, even if the timing has become less certain. The recent rally in risk assets has brought spreads back to their tights but the constructive economic outlook should remain supportive in the short term. Our expectation is still that the global economy will slow and as a result, over the longer term we still expect that spreads are more likely to move wider. In the short term however, we don't see any specific catalyst that would send spreads meaningfully wider, and we expect they could continue to grind tighter. As a result, we are currently positioned with a more neutral bias, remaining tactical with our positioning, taking advantage of short-term opportunities as they arise.

For Investment Grade portfolios our credit positioning is neutral in the short term with a beta of close to or slightly above 1 as despite the longer-term expectation of an economic slowdown, we don't see an immediate driver to send spreads meaningfully wider over the next few months. We remain focused on issuer selection however with an emphasis on companies with stable or improving credit fundamentals. We also remain up in quality especially in sectors which we believe could be more vulnerable to short term volatility and the longer-term economic downturn. Regionally we are maintaining our overweight to Europe vs the US given better valuations and the attractive level of hedge carry when converting back to USD. Portfolio duration is currently overweight the benchmark and positioned along the curve for a steepening.

The stocks mentioned are for illustrative purposes only and are not investment advice, investments have risks.
Source: HSBC Asset Management, data as at 29 February 2024

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO^2e/ USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO^2e/ USD million)
CAIDEP CP 0 04/02/24	0.08	IIILN 3.75 06/05/40	0.09
FRLBP V5.625 09/21/28 EMTN	0.08	SRBANK 0.25 11/09/26 EMTN	0.09
SCOR V3.875 PERP	0.22	JUSTLN V7 04/15/31	0.11
MGNLN V3.875 07/20/49	0.25	ICPLN 1.625 02/17/27	0.16
DNBNBK CP 0 05/28/24	0.26	SAGAX 1.125 01/30/27 EMTN	0.18
SAMPFH V2.5 09/03/52 EMTN	0.32	SAGAX 0.75 01/26/28 EMTN	0.18
PHNXLN V7.75 12/06/53 EMTN	0.42	HANRUE 1.125 04/18/28	0.18
ASRNED V7 12/07/43	0.52	SCOR V1.375 09/17/51	0.22
SYF 2.875 10/28/31	0.64	SRENVX V2.534 04/30/50	0.24
SYF 5.4 08/22/25 BKNT	0.64	SRENVX V2.6 PERP	0.24

Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO^2e/ USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO^2e/ USD million)
WM 4.15 04/15/32	795.65	INTLWT 5.95 12/15/39 REGS	53,342.22
WCNCN 2.2 01/15/32	676.10	HNINTL 2.625 02/20/30	10,250.80
SSELN 5.5 01/15/44 EMTN	530.60	UTCMIN 2.8 02/16/31 REGS	8,930.68
SSELN 8.375 11/20/28 EMTN	530.60	KALLPA 4.875 05/24/26 REGS	7,276.37
SGN 6.625 03/14/35 emtn	431.30	VST 7.233 05/17/28	6,920.55
BNGBNK CP 0 05/02/24	415.83	VST 3.7 01/30/27 144A	6,920.55
ENELIM 2.875 07/12/41 144A	392.81	CNL 3.743 05/01/26	5,516.85
ENELIM 5.5 06/15/52 144A	392.81	HKE 1.875 08/27/30 EMTN	4,913.81
ENELIM V1.375 PERP 6.5Y	392.81	EVRG 2.25 06/01/30 2020	4,775.06
NGGLN 1.375 09/16/26 EMTN	329.48	EVRG 2.55 07/01/26	4,775.06

Company carbon data, can often be "partially disclosed", i.e. partial geographic coverage, or incomplete operational data. Trucost* undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies.*Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.
Source of analytics: Trucost / HSBC
Source: HSBC Asset Management, data as at 29 February 2024

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.
- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- 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.

Follow us on:
HSBC Asset Management

Glossary

Index Disclaimer

Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. (collectively with its affiliates, "Bloomberg"). Barclays® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approve or endorse this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

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 performance relative to the benchmark is monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 29 February 2024

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.
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.
This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.
This document is for information only and is not an advertisement, investment recommendation, research, or advice. Any views and opinions expressed are subject to change without notice. It does not have regard to the specific investment objectives, financial situation, or needs of any specific person. Investors and potential investors should not invest in the Fund solely based on the information provided in this document and should read the prospectus (including the risk warnings) and the product highlights sheets, which are available upon request at HSBC Global Asset Management (Singapore) Limited ("AMSG") or our authorised distributors, before investing. You should seek advice from a financial adviser. Investment involves risk. Past performance of the managers and the funds, and any forecasts on the economy, stock or bond market, or economic trends that are targeted by the funds, are not indicative of future performance. The value of the units of the funds and income accruing to them, if any, may fall or rise and investor may not get back the original sum invested. Changes in rates of currency exchange may affect significantly the value of the investment. AMSG has based this document on information obtained from sources it reasonably believes to be reliable. However, AMSG does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information.
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
Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Source: HSBC Asset Management, data as at 29 February 2024

Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AC AUD	--	--	--	--	--	--	--	--
AC AUD (Net)*	--	--	--	--	--	--	--	--
AC SGD	--	--	--	--	--	--	--	--
AC SGD (Net)*	--	--	--	--	--	--	--	--
AC USD	-1.54	-1.39	2.47	3.95	5.94	-2.56	1.07	1.14
AC USD (Net)*	-4.41	-4.27	-0.52	0.92	2.85	-3.51	0.48	0.68
AM2 AUD	--	--	--	--	--	--	--	--
AM2 AUD (Net)*	--	--	--	--	--	--	--	--
AM2 SGD	--	--	--	--	--	--	--	--
AM2 SGD (Net)*	--	--	--	--	--	--	--	--
AM2 USD	-1.54	-1.40	2.46	3.95	5.93	-2.56	1.07	1.41
AM2 USD (Net)*	-4.41	-4.27	-0.53	0.92	2.84	-3.52	0.48	0.90
AM3HSGD SGD	-1.89	-1.58	1.94	2.92	4.04	-3.36	--	-2.92
AM3HSGD SGD (Net)*	-4.74	-4.45	-1.03	-0.08	1.01	-4.30	--	-3.73

Calendar year performance (%)	2019	2020	2021	2022	2023
AC AUD	--	--	--	--	--
AC AUD (Net)*	--	--	--	--	--
AC SGD	--	--	--	--	--
AC SGD (Net)*	--	--	--	--	--
AC USD	13.27	6.23	-1.00	-14.91	9.00
AC USD (Net)*	9.97	3.14	-3.88	-17.39	5.82
AM2 AUD	--	--	--	--	--
AM2 AUD (Net)*	--	--	--	--	--
AM2 SGD	--	--	--	--	--
AM2 SGD (Net)*	--	--	--	--	--
AM2 USD	13.25	6.22	-1.00	-14.91	9.00
AM2 USD (Net)*	9.95	3.13	-3.88	-17.39	5.82
AM3HSGD SGD	--	--	-1.10	-15.28	7.21
AM3HSGD SGD (Net)*	--	--	-3.98	-17.74	4.09

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 29 February 2024

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	--	--	--	--
AM2	USD	Monthly	29 February 2024	0.043468	6.04%
AM3HSGD	SGD	Monthly	29 February 2024	0.026530	4.00%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	27 September 2017	LU1674672883	USD	USD 5,000	10.76	0.800%	Accumulating
AM2	21 March 2018	LU1709305095	USD	USD 5,000	8.87	0.800%	Distributing
AM3HSGD	21 August 2020	LU1709305251	SGD	USD 5,000	8.10	0.800%	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 + (dividend amount / 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 29 February 2024