

HSBC Global Investment Funds

GLOBAL INVESTMENT GRADE SECURITISED CREDIT BOND

Monthly report 29 February 2024 | Share class AM2



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of investment grade securitised bonds, while promoting ESG characteristics. The Fund qualifies under Article 8 of SFDR.



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 investment grade securitised bonds that are rated at least BBB- by a credit rating agency; including asset backed securities, commercial mortgage backed securities, collateralised loan obligations and residential mortgage backed securities. The underlying exposures of these assets include, but are not limited to, mortgages, auto-loans, corporate loans, bonds, credit cards, student loans and other receivables. The Fund may also invest in other bonds issued by companies, governments, government related-entities and supranational bodies worldwide. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process to reduce risk and enhance returns. The Fund may invest up to 10% in onshore Chinese bonds traded on the China Interbank Bond Market and up to 10% in other funds. The Fund may temporarily, in the event a large subscription is received, invest in cash, money-market instruments issued by governments in developed markets. 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	USD 9.27
Performance 1 month	0.53%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Distributing
Distribution Frequency	Monthly
Dividend ex-date	29 February 2024
Dividend annualised yield	7.06%
Last Paid Dividend	0.052858
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	29 May 2018
Fund Size	USD 2,048,748,905
Managers	Andrew John Jackson

Fees and expenses

Minimum initial investment (SG) ¹	USD 1,000
Maximum initial charge (SG)	3.000%
Management fee	0.900%

Codes

ISIN	LU1728044204
Bloomberg ticker	HSGAAM2 LX

¹Please 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.

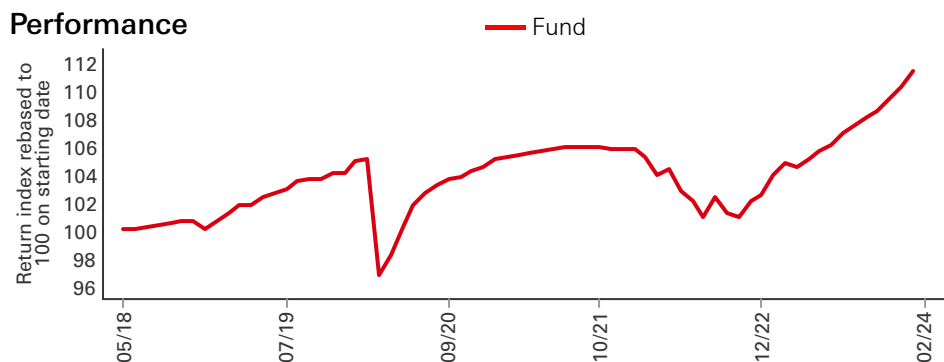
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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

Until 23 August 2019 the name of the fund was HSBC Global Investment Funds – Global Asset-Backed Bond

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

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AM2	1.58	0.53	2.41	4.17	6.95	2.12	2.06
AM2 (Net)*	-1.38	-2.40	-0.57	1.13	3.83	1.12	1.46

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2	4.04	0.45	1.21	-3.19	7.66
AM2 (Net)*	1.01	-2.48	-1.74	-6.01	4.52

Carbon footprint	Fund	Reference benchmark
Carbon intensity emissions	18.85	--
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO ₂ e/USD million)		
Source of analytics: Trucost		

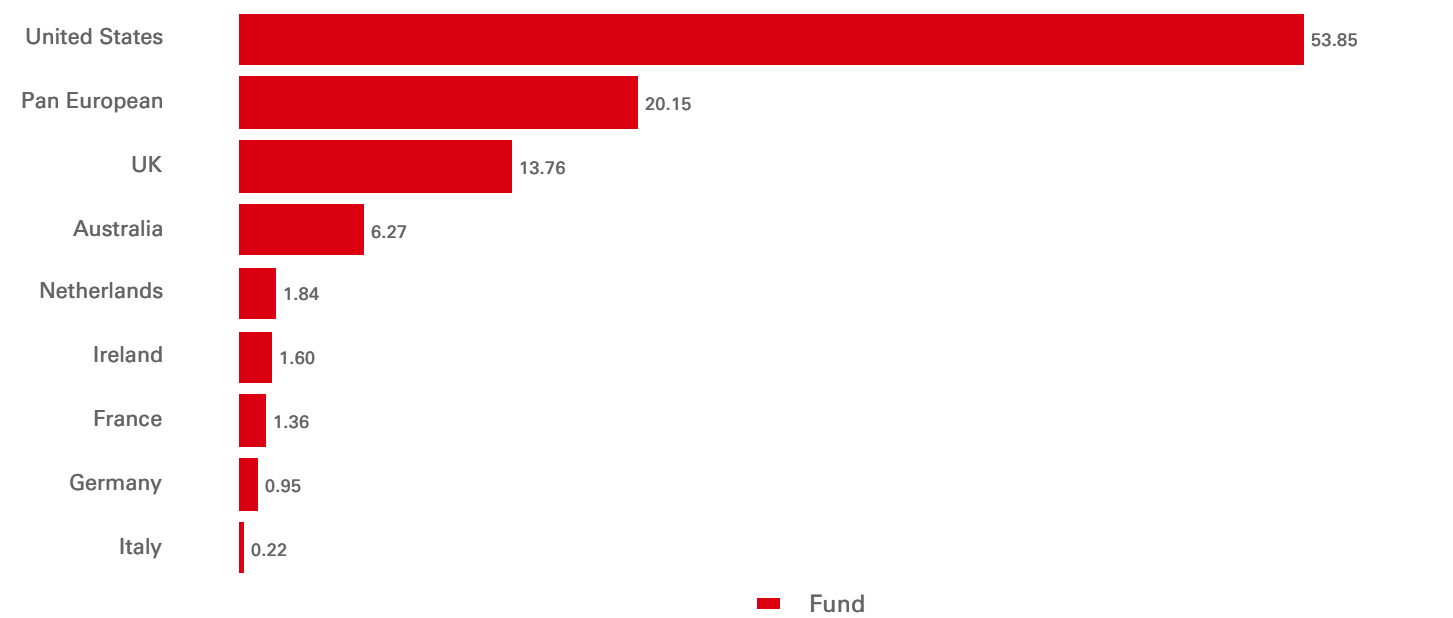
3-Year Risk Measures	AM2	Reference benchmark	5-Year Risk Measures	AM2	Reference benchmark
Volatility	2.42%	--	Volatility	4.33%	--
Sharpe ratio	-0.11	--	Sharpe ratio	0.02	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	316	--	--
Spread above SOFR	1.91%	--	--
Floating rate weight	87.04	--	--
Modified duration	0.55	--	--
Spread duration	2.44	--	--
Weighted average life	2.71	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Weighted average life (%)	Fund	Reference benchmark	Relative
AAA	43.53	--	--	0 - 2 years	19.71	--	--
AA	34.04	--	--	2 - 5 years	77.45	--	--
A	18.32	--	--	5 - 10 years	2.84	--	--
Cash	4.11	--	--				

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

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
CLO	43.22	--	--
CMBS	22.66	--	--
RMBS non-conforming	15.24	--	--
RMBS prime	8.91	--	--
Whole Business ABS	2.59	--	--
Student Loan ABS	2.09	--	--
Consumer Loans	1.18	--	--
Cash	4.11	--	--

Monthly performance commentary

Market Overview

There were no interest rate changes in the month. The economic backdrop remains fragile (albeit improving) such that many believe a shallow recession or flatlining economy most likely, with the UK and Europe most affected and the US least impacted. February saw geopolitical risks elevated. Despite the weak backdrop, credit spreads were tighter throughout the month in every asset class, with Securitised Credit catching up with the rally in other Credit asset classes.

The new issue and secondary markets had fairly muted volumes (outside of CLOs), with demand outstripping supply and hence leading to the spread compression. Credit performance continues to be fair for Securitised Credit with deals holding up well in the face of stress on borrowers' ability to pay from the significant run up in interest rates. Some early signs of deterioration are appearing in rising delinquencies. CMBS remains the most challenged sector, but there is wide dispersion in performance with Prime real estate performing well, but secondary property debt struggling. Spreads are well-supported, given comparatively light new issuance volumes and solid performance. There is an expectation that spreads could be volatile either from performance issues or a wave/lack of supply. Bid/offer spreads are tightening back to historic levels indicating improved liquidity.

New issue Securitised Credit volumes outside of the US and excluding CLOs was more than €10bn in February, which is comparatively modest following the strong January volumes. Unlike in previous periods, almost all of the new issuance was distributed. New issuance was dominated by RMBS from the UK and Australia, with some consumer paper. The CLO Primary market was the second strongest issuance month on record, with 67 US CLOs (\$30.7bn) in February (30 priced in January). 12 European CLOs (€4.9bn) priced (7 in January). There were 30 refinancing/reset trades of the new issue CLOs, indicating a strong refinance market. US CMBS new issue was \$7.6bn compared to \$12bn in January, one of the lowest issuance months on record. Issuance was in SASB (\$3bn) and Agency guaranteed CMBS, with notably no conduit issuance in the month.

Fund Overview

At the end of February, there were 316 securities in 212 securitisations and a cash holding which is available to cover currency hedging collateral. In February, the fund bought 21 bonds across all countries and sectors. There were 7 sales – 3 Office CMBS and 4 European CLOs. Amortisations and repayments in the month were as expected. CLOs remain the largest sector exposure with 43% (previous month 42%), ahead of CMBS with 23% (26%) and RMBS with 24% (20%). The major geographic exposure remains the USA at 54%, with the Eurozone at 26% (of which 20% is Pan-European, with exposures in multiple countries). The UK represented 14% and Australia 6%. The portfolio was 13% fixed rate and 87% floating rate at the end of the month, with floating rate income based on SOFR, SONIA, EURIBOR, BBSW (Australia) or another relevant IBOR alternative. Approximately 57% of the instruments are USD-denominated and pay all income and repayments in US Dollars. The remaining 43% is denominated in Sterling, Euro and Australian Dollars. We hedge the full market value and accrued income back to USD each month. This hedge effectively covers all principal repayments. The fund remains invested in highly rated securities, with the weighted average rating of AA at month end.

Outlook

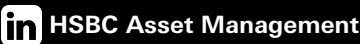
The economic outlook remains uncertain given the headwinds in the global economy, the situation in Ukraine and Middle East and continuing stress from elevated rates. The prospect of global recession remains probable, with many economists having it as a central case.

There is no direct exposure to Ukraine, Russia, China, Israel or the Middle East in Securitised Credit. Fundamental credit quality is strong for all of the exposures in this fund. Most of Securitised Credit is floating rate and hence where interest rates remain elevated, this should result in high coupon income. Securitised Credit spreads suffer when there is a fall in confidence, as happened most recently with the banking shock. The immediate outlook is therefore a balance between credit shocks from the impending recession and strong income. In the longer term, any resolution or stabilisation to the many crises should result in a rapid recovery. Fundamental credit research is increasingly important to avoid weaker credits and take advantage of emerging opportunities. All of the positions in this fund also enjoy strong credit enhancement, such that at the time of writing, this fund remains well positioned to avoid credit losses. As the crises and recovery develop, there will be opportunities to reposition the fund to take advantage of new opportunities.

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.

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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
ACHSGD SGD	1.27	0.37	1.96	3.24	5.18	1.39	1.37
ACHSGD SGD (Net)*	-1.68	-2.55	-1.01	0.23	2.12	0.39	0.77
AM2 USD	1.58	0.53	2.41	4.17	6.95	2.12	2.06
AM2 USD (Net)*	-1.38	-2.40	-0.57	1.13	3.83	1.12	1.46
AM3HAUD AUD	1.35	0.41	2.08	3.48	5.52	1.28	1.25
AM3HAUD AUD (Net)	-1.60	-2.51	-0.89	0.47	2.45	0.28	0.65
*							
AM3HSGD SGD	1.39	0.35	2.24	3.83	5.80	1.62	1.52
AM3HSGD SGD (Net)*	-1.56	-2.57	-0.74	0.80	2.71	0.62	0.92

Calendar year performance (%)	2019	2020	2021	2022	2023
ACHSGD SGD	3.23	-0.06	1.02	-3.42	6.03
ACHSGD SGD (Net)*	0.23	-2.97	-1.93	-6.23	2.94
AM2 USD	4.04	0.45	1.21	-3.19	7.66
AM2 USD (Net)*	1.01	-2.48	-1.74	-6.01	4.52
AM3HAUD AUD	2.94	-0.04	0.88	-3.81	6.19
AM3HAUD AUD (Net)*	-0.06	-2.96	-2.06	-6.61	3.10
AM3HSGD SGD	3.26	-0.04	1.10	-3.40	6.54
AM3HSGD SGD (Net)*	0.25	-2.95	-1.84	-6.22	3.43

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
ACHSGD	SGD	--	--	--	--
AM2	USD	Monthly	29 February 2024	0.052858	7.06%
AM3HAUD	AUD	Monthly	29 February 2024	0.045066	5.71%
AM3HSGD	SGD	Monthly	29 February 2024	0.038338	5.00%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
ACHSGD	6 December 2018	LU1728044386	SGD	USD 5,000	10.73	0.900%	Accumulating
AM2	29 May 2018	LU1728044204	USD	USD 5,000	9.27	0.900%	Distributing
AM3HAUD	29 May 2018	LU1728044626	AUD	USD 5,000	9.71	0.900%	Distributing
AM3HSGD	6 December 2018	LU1728044469	SGD	USD 5,000	9.41	0.900%	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.

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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 29 February 2024