

HSBC Global Investment Funds

ASIA HIGH YIELD 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 Asian high yield bonds.



Investment strategy

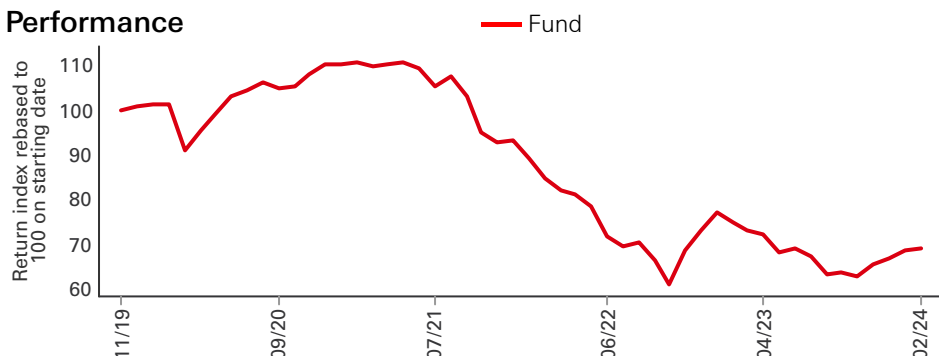
The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% of its assets in non-investment grade bonds and unrated bonds issued either by companies based in or carry out the larger part of their business in Asia, or by governments, government-related entities and supranational 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	SGD 4.64
Performance 1 month	0.50%
Yield to maturity	11.18%

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	10.11%
Last Paid Dividend	0.037381
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	SGD
Domicile	Luxembourg
Inception date	27 November 2019
Fund Size	USD 664,861,037
Managers	Alfred Mui Ming Leap

Fees and expenses

Minimum initial investment (SG) ¹	SGD 1,000
Maximum initial charge (SG)	3.000%
Management fee	1.250%

Codes

ISIN	LU2065168101
Bloomberg ticker	HSAHAM3 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.

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	2.89	0.50	5.12	9.05	-8.02	-14.57	--	-8.38
AM3HSGD (Net)*	-0.10	-2.42	2.06	5.88	-10.70	-15.41	--	-9.01

Calendar year performance (%)	2019	2020	2021	2022	2023
AM3HSGD	--	9.26	-15.46	-21.84	-8.02
AM3HSGD (Net)*	--	6.08	-17.92	-24.12	-10.70

3-Year Risk Measures	AM3HSGD	Reference benchmark	5-Year Risk Measures	AM3HSGD	Reference benchmark
Volatility	14.74%	--	Volatility	--	--
Sharpe ratio	-1.15	--	Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	179	233	--
Yield to worst	11.01%	11.25%	-0.25%
Yield to maturity	11.18%	11.52%	-0.34%
Modified Duration to Worst	3.18	2.57	0.61
Option Adjusted Spread Duration	3.03	2.77	0.26
Average maturity	5.11	3.70	1.41
Rating average	BB/BB-	BB/BB-	--
Number of issuers	99	126	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
AA	2.13	--	2.13	0-2 years	0.35	0.47	-0.12
A	1.07	0.41	0.66	2-5 years	1.10	1.15	-0.05
BBB	5.62	1.30	4.31	5-10 years	0.47	0.47	0.00
BB	56.77	58.99	-2.22	10+ years	1.07	0.26	0.81
B	17.18	11.61	5.57	Total	2.99	2.35	0.64
CCC	3.91	2.26	1.65				
CC	2.09	1.74	0.35				
D	0.99	--	0.99				
NR	9.74	23.68	-13.95				
Cash	0.50	--	0.50				

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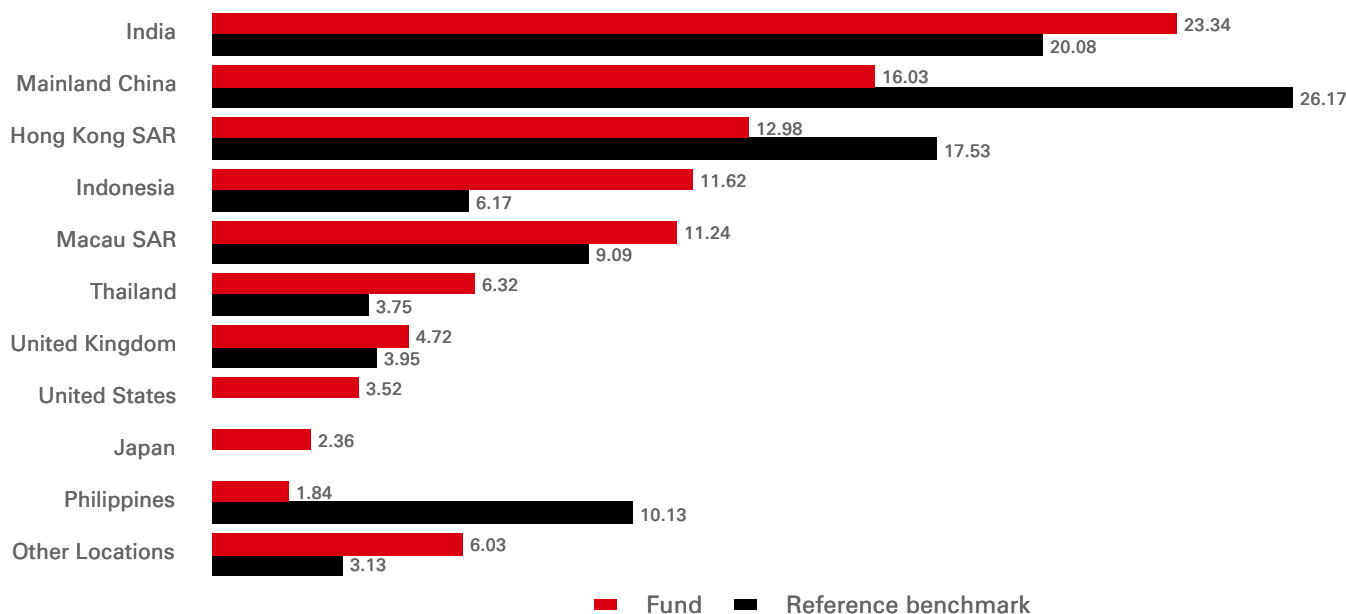
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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% JACI Non-Investment Grade Corporate Index

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

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	97.98	100.00	-2.02
JPY	1.25	--	1.25
IDR	0.95	--	0.95
KRW	0.75	--	0.75
SGD	0.34	--	0.34
CNH	0.25	--	0.25
THB	0.23	--	0.23
AUD	0.01	--	0.01
HKD	0.00	--	0.00
INR	0.00	--	0.00
Other Currencies	-1.76	--	-1.76

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Consumer Cyclical	21.23	17.49	3.74
Banks	17.40	22.99	-5.59
Real Estate	15.82	16.67	-0.85
Energy	10.76	9.23	1.52
Utilities	7.89	8.99	-1.10
Basic Materials	6.61	5.85	0.76
Communications	3.53	3.25	0.28
Government	3.12	--	3.12
Consumer Non cyclical	3.00	2.57	0.43
Investment Companies	2.75	3.76	-1.01
Other Sectors	7.39	9.21	-1.83
Cash	0.50	--	0.50

Top 10 Holdings	Weight (%)
KASIKORNBANK PCL 5.275	2.15
STANDARD CHART 7.875	1.88
CA MAGNUM HLDING 5.375 31/10/26	1.83
GLP PTE LTD 3.875 04/06/25	1.76
MELCO RESORTS 5.250 26/04/26	1.76
WYNN MACAU LTD 5.625 26/08/28	1.68
BANGKOK BANK/HK 5.000	1.60
WYNN MACAU LTD 5.500 15/01/26	1.59
CONTINUUM ENERGY 9.500 24/02/27	1.52
STUDIO CITY FIN 5.000 15/01/29	1.30

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

Monthly performance commentary

Market Review

The Asia credit market posted slight positive returns in February. The US Treasury yields were up, driven by strength in labour market and inflation data as well as tepid investment demand for various Treasury auctions. Overall, 2-year treasury yields rose 41 bps while 10-year yields rose 34 bps. High-yield (HY) bonds outperformed investment grade (IG) bonds as HY spreads tightened to a greater extent than IG spreads. Within the IG space, the best performer was China diversified, bolstered by improving sentiment in the region, as the government announced more supportive policies. Philippines quasi-sovereigns and Korean infrastructure also performed strongly. Conversely, China real estate emerged as the worst performer, mainly driven by reports of credit extension issues with a semi-SOE developer. India industrials also saw spreads widening due to downgrades from rating agencies. Singapore real estate saw spreads widen as the industry outlook deteriorated. Turning to the HY space, China oil and gas was the top performer due to better market sentiment in the region. Singapore real estate and Hong Kong consumers also delivered strong performances. On the other hand, China real estate was the worst performer, as a major firm announced weak results. Sri Lanka quasi-sovereigns underperformed due to limited interest in the sale of a firm in the sector. China consumers also performed poorly because of a downgrade issued by a rating agency.

Portfolio strategy

The fund returned positively while underperforming the benchmark for February amid the uptick in US treasury yields. On a relative basis, the fund's credit exposure detracted the most, mainly from our exposure in stronger China property developers as the best quality developers/semi-SOE developers, which were previously trading at high dollar prices, underperformed amid weak national sales in the first two months of 2024. Our previous overweight in India HY commodities also detracted. On the other hand, the fund benefited from its overweight in China HY industrials as all-in yields looked attractive relative to HY counterparts in Asia. Meanwhile, the fund's overweight in Macau gaming contributed positively amid rising visitor number and strong gross gaming revenue recovery over the long Lunar New Year holiday. Our participation in an off-benchmark Japan corporate's new issue also helped lifting the relative returns. In terms of positioning, we remained underweight the China property sector, as the physical housing market remained weak given the continual decline in home sales. We remain selectively overweight developers with better visibility in repaying their near-term maturities. Meanwhile, we remained overweight in Macau gaming in view of continual sector recovery from rising visitor number and strong gross gaming revenue. In addition, we are overweight in the China consumer and industrial sectors, given selective attractive opportunities. Also, 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 commodity sector in India and Indonesia. We expect the strong demand for commodities and energy will keep prices well supported and will in turn, benefit these companies. In India, we also favour the renewable energy sector which we expect to remain well supported by global sustainable investors. In Indonesia, we favour the property sector on a selective basis. On the other hand, we are underweight sectors which we find valuations unattractive. For instance, we are underweight Hong Kong, Philippines, and China. Similarly, we are also underweight sovereigns and bank subordinated debt. During the month, we remained overweight in the fund's duration exposure amid declining US Treasury yields. We have also used interest rate futures to help manage our duration exposure actively.

Outlook

Yields have declined since mid-October, but bonds still offer the most attractive valuations that we have seen over a decade, especially in anticipation of monetary easing by the US Federal Reserve. Under this environment, Asia bonds stand out for quality and valuation as yields are higher than other markets, which offer a downside cushion. The consistency of the credit quality of Asia investment grade (IG) issuers, leads to the stability of spreads. Fundamentals are resilient, backed by stable earnings and strong credit profiles of these Asia IG issuers. The strong macro backdrop in Asia, with strong economic growth, low inflation and pre-emptive monetary policy, will support corporates' credit matrix and restrain rating downgrades. The favourable technicals from limited supply and continuous demand will keep supporting the market. The Asia high yield market has transformed following challenges in the China real estate sector, which is now characterized with improved sectoral and geographical diversification. With growing importance of sectors that would support the transition of lower carbon economies, such as India renewables, should make the Asia high yield market increasingly attractive to global investors. Meanwhile, we are expecting the Chinese government to intensify their support in the China property sector, which would provide some selective opportunities. Moreover, the credit quality and fundamental trend remain solid in most of the market, implying that negative sentiment towards this asset class would in fact provide good valuation and likelihood of better returns. On the fundamental side, better macro tailwinds in Asia could shield corporates from defaulting. Also, we can expect some modest tightening in spreads when confidence is restored. In a global environment, where growth remains a key concern in the West, Asia's better economic dynamics reinforce the argument for investors to diversify into Asia bonds.

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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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 29 February 2024

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Glossary



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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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Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM2 USD	3.22	0.67	5.63	10.07	-6.42	-13.89	--	-7.25
AM2 USD (Net)*	0.21	-2.26	2.56	6.86	-9.14	-14.74	--	-7.95
AM3HAUD AUD	3.00	0.54	5.27	9.29	-7.86	-14.87	--	-8.15
AM3HAUD AUD (Net)*	0.00	-2.39	2.20	6.11	-10.54	-15.70	--	-8.85
* AM3HSGD SGD	2.89	0.50	5.12	9.05	-8.02	-14.57	--	-8.38
AM3HSGD SGD (Net)*	-0.10	-2.42	2.06	5.88	-10.70	-15.41	--	-9.01
PCHSGD SGD	2.94	0.53	5.22	9.21	-7.76	-14.34	--	-8.18
PCHSGD SGD (Net)*	-0.06	-2.40	2.15	6.03	-10.44	-15.18	--	-8.88
PM2 USD	3.25	0.67	5.70	10.19	-6.18	-13.68	--	-7.54
PM2 USD (Net)*	0.24	-2.26	2.62	6.99	-8.91	-14.52	--	-8.25
PM3HAUD AUD	3.03	0.56	5.34	9.43	-7.66	-14.67	--	-8.47
PM3HAUD AUD (Net)*	0.03	-2.37	2.27	6.24	-10.35	-15.50	--	-9.17
PM3HEUR EUR	2.96	0.52	5.23	9.20	-8.07	-15.27	--	-10.92
PM3HEUR EUR (Net)*	-0.04	-2.41	2.17	6.02	-10.75	-16.10	--	-11.64
PM3HSGD SGD	2.94	0.53	5.21	9.20	-7.79	-14.43	--	-8.26
PM3HSGD SGD (Net)*	-0.06	-2.40	2.15	6.01	-10.48	-15.27	--	-8.97

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2 USD	--	--	-15.34	-21.54	-6.54
AM2 USD (Net)*	--	--	-17.81	-23.83	-9.26
AM3HAUD AUD	--	--	-15.74	-22.49	-8.04
AM3HAUD AUD (Net)*	--	--	-18.19	-24.75	-10.72
AM3HSGD SGD	--	9.26	-15.46	-21.84	-8.02
AM3HSGD SGD (Net)*	--	6.08	-17.92	-24.12	-10.70
PCHSGD SGD	--	--	-15.24	-21.66	-7.75
PCHSGD SGD (Net)*	--	--	-17.71	-23.94	-10.43
PM2 USD	--	--	-15.13	-21.34	-6.30
PM2 USD (Net)*	--	--	-17.61	-23.63	-9.03
PM3HAUD AUD	--	--	-15.53	-22.30	-7.84
PM3HAUD AUD (Net)*	--	--	-17.99	-24.56	-10.52
PM3HEUR EUR	--	--	-15.95	-23.11	-8.34
PM3HEUR EUR (Net)*	--	--	-18.40	-25.35	-11.01
PM3HSGD SGD	--	--	-15.26	-21.87	-7.78
PM3HSGD SGD (Net)*	--	--	-17.73	-24.15	-10.47

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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 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
AM2	USD	Monthly	29 February 2024	0.048624	12.28%
AM3HAUD	AUD	Monthly	29 February 2024	0.042946	10.86%
AM3HSGD	SGD	Monthly	29 February 2024	0.037381	10.11%
PCHSGD	SGD	--	--	--	--
PM2	USD	Monthly	29 February 2024	0.048971	12.28%
PM3HAUD	AUD	Monthly	29 February 2024	0.043203	10.86%
PM3HEUR	EUR	Monthly	29 February 2024	0.042031	10.49%
PM3HSGD	SGD	Monthly	29 February 2024	0.040478	10.11%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AM2	14 April 2020	LU2066403754	USD	USD 5,000	5.01	1.250%	Distributing
AM3HAUD	14 April 2020	LU2098770311	AUD	USD 5,000	4.98	1.250%	Distributing
AM3HSGD	27 November 2019	LU2065168101	SGD	USD 5,000	4.64	1.250%	Distributing
PCHSGD	6 May 2020	LU2133054762	SGD	USD 5,000,000	7.22	1.000%	Accumulating
PM2	6 May 2020	LU2133054176	USD	USD 5,000,000	5.05	1.000%	Distributing
PM3HAUD	6 May 2020	LU2133054333	AUD	USD 5,000,000	5.01	1.000%	Distributing
PM3HEUR	26 June 2020	LU2133054259	EUR	USD 5,000,000	5.04	1.000%	Distributing
PM3HSGD	6 May 2020	LU2133054416	SGD	USD 5,000,000	5.02	1.000%	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 29 February 2024