

HSBC Global Investment Funds

ULTRA SHORT DURATION BOND

Monthly report 31 March 2024 | Share class PM3HGBP



Investment objective

The Fund aims to provide short term capital growth and income by investing in a portfolio of bonds and money market instruments, while promoting environmental, social and governance (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 70% of its assets in fixed or floating-rate income bonds and other similar securities including money market instruments, that are issued by governments, government-related entities, supranational entities and companies, based in developed or emerging markets. The Fund includes the identification and analysis of an issuer's ESG Credentials as an integral part of the investment decision making process and will not invest in bonds issued by companies with involvement in specific excluded activities, such as, tobacco and controversial weapons.

The Fund will invest up to 30% in non-investment grade rated, unrated bonds and 10% in onshore Chinese bonds and up to 10% in bonds which have a maturity longer than five years.

The Fund may invest up to 30% in bonds issued in emerging markets, up to 20% in asset backed securities and mortgage-backed securities, and up to 10% in contingent convertible 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	GBP 9.92
Performance 1 month	0.48%
Yield to maturity	5.85%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Distributing
Distribution Frequency	Monthly
Dividend ex-date	27 March 2024
Dividend annualised yield	5.62%
Last Paid Dividend	0.045277
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	GBP
Domicile	Luxembourg
Inception date	12 November 2021
Fund Size	USD 1,082,463,123
Managers	Jason E Moshos Viral Desai

Fees and expenses

Maximum initial charge (SG)	3.000%
Management fee	0.300%

Codes

ISIN	LU2334457111
Bloomberg ticker	HSSDBHP LX

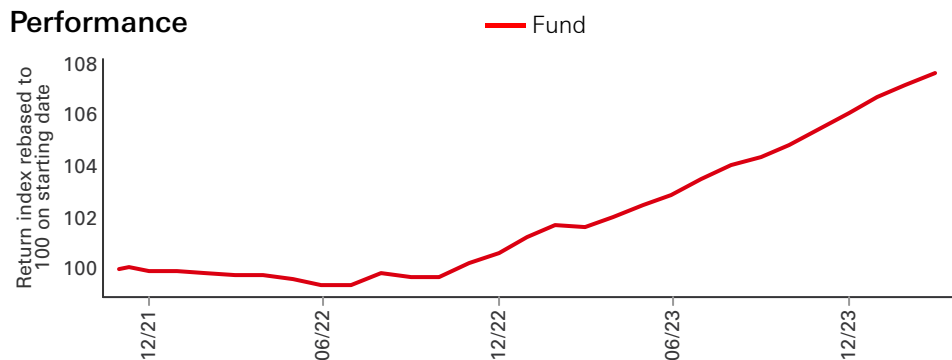
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark.

Performance numbers shown are before netting off sales / realisation charges.

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 31 March 2024

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
PM3HGBP	1.49	0.48	1.49	3.13	5.94	--	--	3.12
PM3HGBP (Net)*	-1.47	-2.45	-1.47	0.12	2.85	--	--	1.85

Calendar year performance (%)	2019	2020	2021	2022	2023
PM3HGBP	--	--	--	0.66	5.45
PM3HGBP (Net)*	--	--	--	-2.27	2.38

3-Year Risk Measures	PM3HGBP	Reference benchmark	5-Year Risk Measures	PM3HGBP	Reference benchmark
Volatility	--	--	Volatility	--	--
Sharpe ratio	--	--	Sharpe ratio	--	--

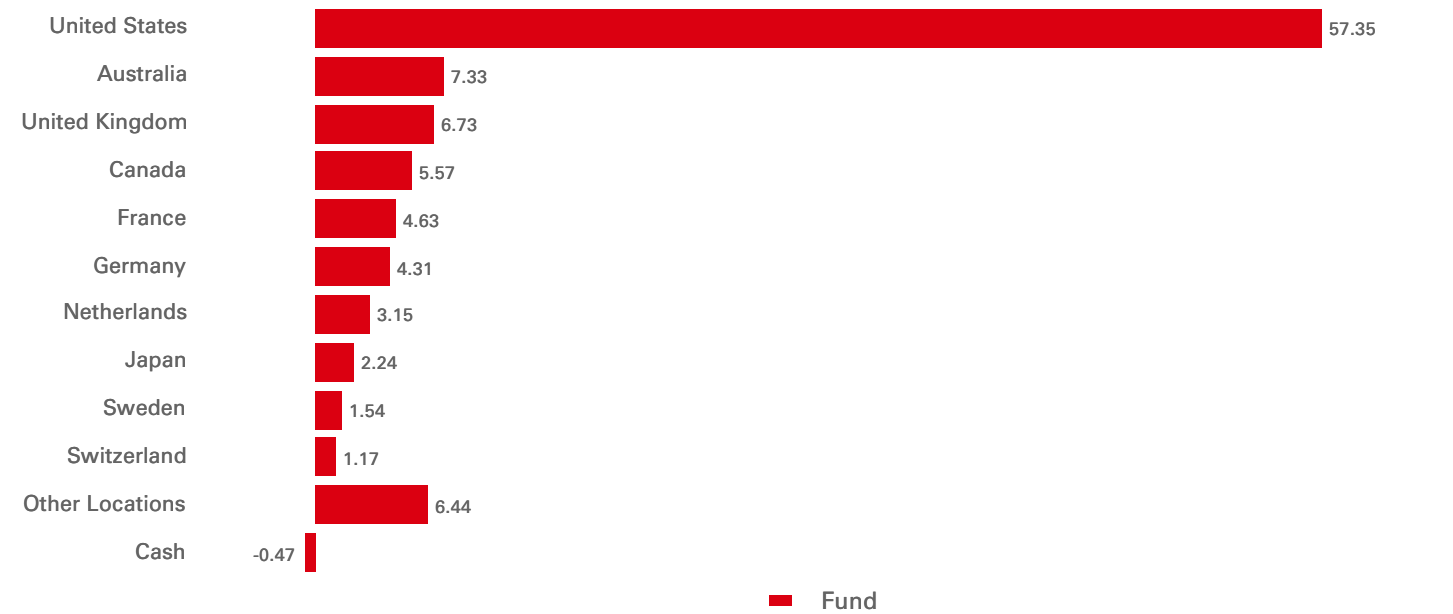
Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	623	--	--
Average coupon rate	5.43	--	--
Yield to worst	5.86%	--	--
OAD	0.31	--	--
Modified Duration to Worst	0.32	--	--
Option Adjusted Spread Duration	1.40	--	--
Average maturity	1.46	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
AAA	9.75	--	--	0 - 6months	0.02	--	--
AA	26.42	--	--	6months - 1 years	0.07	--	--
A	37.95	--	--	1 years - 1.5 years	0.11	--	--
BBB	26.34	--	--	1.5 years - 2 years	0.04	--	--
NR	0.01	--	--	2 years - 2.5 years	0.02	--	--
Cash	-0.47	--	--	2.5 years - 4 years	0.04	--	--
				Over 4 years	0.01	--	--
				Total	0.31	--	--

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Performance numbers shown are before netting off sales / realisation charges.
Source: HSBC Asset Management, data as at 31 March 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	101.33	--	--
HKD	0.13	--	--
SGD	0.02	--	--
CNY	0.01	--	--
CHF	0.00	--	--
JPY	0.00	--	--
CNH	0.00	--	--
AUD	-0.17	--	--
GBP	-0.38	--	--
EUR	-0.95	--	--

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	39.76	--	--
Consumer Non cyclical	9.22	--	--
Consumer Cyclical	8.09	--	--
Treasury Bill	5.98	--	--
Insurance	4.94	--	--
Communications	4.63	--	--
Capital Goods	4.60	--	--
CLO	4.05	--	--
Non Agency CMBS	3.53	--	--
Technology	2.69	--	--
Other Sectors	12.97	--	--
Cash	-0.47	--	--

Top 10 Holdings	Weight (%)
US TREASURY FRN 5.470 31/10/25	3.31
RECKITT BEN TSY 2.750 26/06/24	1.10
PEPSICO INC 5.754 12/11/24	1.02
ATHENE GLOBAL FU 6.057 24/05/24	1.02
US TREASURY FRN 5.469 30/04/25	0.97
AMERICAN HONDA F 6.056 09/01/26	0.93
GEN MOTORS FIN 6.703 08/05/27	0.93
NEXTERA ENERGY 6.110 29/01/26	0.93
PEPSICO SINGAP 5.915 16/02/27	0.92
CATERPILLAR FINL 5.818 27/02/26	0.92

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

Monthly performance commentary

A more dovish central bank tone and continued strong US growth saw risk assets move higher in March while rates volatility moderated. This saw global credit spreads move tighter overall for the month, edging closer to their historical tightness. In combination with lower rate volatility this saw strong positive total return for both Investment Grade and High Yield markets in March. Short term yields finish the month unchanged at 4.62% while SOFR remains around 5.3%. The US Fed Funds effective rate ended the month at 5.33% while short end corporate credit (US 1-3 year) saw spreads tighten by -4 to finish the month at 64 bps.

In this market context the strategy posted positive total return for the month on a gross of fees basis.

The gross yield to worst of the portfolio ended the month at 5.86% with the portfolio NAV finishing the month higher. We expect current yield levels to continue to provide a buffer for any potential spread volatility going forward. The largest contributors to portfolio yield from a sector perspective were the banking and consumer noncyclical and securitized credit segments of the portfolio.

Positioning

Average credit quality continues to skew higher and sits at A flat overall, taken through a reduced exposure to BBB bonds balanced with exposure to higher quality corporate bonds and the Securitized Credit exposure which is predominantly AAA and AA rated. Positioning skews higher quality mainly due to less attractive valuations at current spread levels. In this environment we favour floating rate bonds which due to the inverted yield curve offer an attractive yield for no duration vs fixed rate bonds. As a result, the portfolio's floating rate exposure increased slightly to around 62% with exposure from both corporate bonds and securitized credit. From a sector perspective we favour financials to non financials given the more attractive valuations as well as strong issuance in the sector. The effective duration of the portfolio remains relatively stable at 0.31 years with a spread duration of 1.40 years.

Outlook

Q2 began with a shift in market expectations for when the Fed would begin to cut rates. Strong economic data as well as more hawkish comments from Fed members which emphasized the need for additional data to confirm a trajectory of lower inflation before a potential move has increased uncertainty around when the Fed could begin to cut. This has seen an increase in rate volatility as markets reprice. Credit spreads continue to be historically tight but remain underpinned by solid credit fundamentals and a robust economic outlook. Our expectation is still that the global economy will eventually slow and as a result, over the longer-term 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 but remain selective between sectors and issuers based on relative value.

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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HSBC Asset Management

Glossary
 

Important Information

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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No document or material in connection with the offer or sale of the Units may be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the SFA, in accordance with the conditions specified in that section, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 305 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within 6 months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 of the SFA except (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 305A(5) of the SFA; (5) The sub-fund uses financial derivative instruments significantly and a significant portion of the sub-fund's payout income are generated from financial derivative strategies, investors should take note of expected risks associated with such strategies and higher volatility in payout income profile.

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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	Since inception ann
PC USD	1.56	0.50	1.56	3.31	6.41	--	--	3.17
PC USD (Net)*	-1.40	-2.43	-1.40	0.30	3.31	--	--	2.09
PM2 USD	1.56	0.50	1.56	3.31	6.42	--	--	3.17
PM2 USD (Net)*	-1.39	-2.42	-1.39	0.30	3.32	--	--	2.10
PM2HKD HKD	1.80	0.47	1.80	3.25	6.10	--	--	3.52
PM2HKD HKD (Net)*	-1.17	-2.45	-1.17	0.24	3.01	--	--	2.41
PM3HEUR EUR	1.16	0.38	1.16	2.45	4.46	--	--	3.83
PM3HEUR EUR (Net)*	-1.79	-2.54	-1.79	-0.53	1.42	--	--	1.78
PM3HGBP GBP	1.49	0.48	1.49	3.13	5.94	--	--	3.12
PM3HGBP GBP (Net)*	-1.47	-2.45	-1.47	0.12	2.85	--	--	1.85
PM3HRMB CNH	0.78	0.20	0.78	1.96	3.48	--	--	2.63
PM3HRMB CNH (Net)*	-2.15	-2.72	-2.15	-1.01	0.47	--	--	1.44
*								
PM3HSGD SGD	1.09	0.36	1.09	2.37	4.60	--	--	2.57
PM3HSGD SGD (Net)*	-1.85	-2.56	-1.85	-0.61	1.56	--	--	1.38

Calendar year performance (%)	2019	2020	2021	2022	2023
PC USD	--	--	--	1.18	6.12
PC USD (Net)*	--	--	--	-1.77	3.03
PM2 USD	--	--	--	1.19	6.12
PM2 USD (Net)*	--	--	--	-1.76	3.03
PM2HKD HKD	--	--	--	1.29	6.17
PM2HKD HKD (Net)*	--	--	--	-1.66	3.08
PM3HEUR EUR	--	--	--	--	3.91
PM3HEUR EUR (Net)*	--	--	--	--	0.88
PM3HGBP GBP	--	--	--	0.66	5.45
PM3HGBP GBP (Net)*	--	--	--	-2.27	2.38
PM3HRMB CNH	--	--	--	1.69	3.34
PM3HRMB CNH (Net)*	--	--	--	-1.27	0.33
PM3HSGD SGD	--	--	--	0.98	4.53
PM3HSGD SGD (Net)*	--	--	--	-1.96	1.49

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Performance numbers shown are before netting off sales / realisation charges.
Source: HSBC Asset Management, data as at 31 March 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
PC	USD	--	--	--	--
PM2	USD	Monthly	27 March 2024	0.047999	5.97%
PM2HKD	HKD	Monthly	27 March 2024	0.048337	5.97%
PM3HEUR	EUR	Monthly	27 March 2024	0.034903	4.28%
PM3HGBP	GBP	Monthly	27 March 2024	0.045277	5.62%
PM3HRMB	CNH	Monthly	27 March 2024	0.025493	3.13%
PM3HSGD	SGD	Monthly	27 March 2024	0.031749	3.92%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
PC	7 June 2021	LU2334455255	USD	USD 1,000,000	10.92	0.300%	Accumulating
PM2	8 June 2021	LU2334455339	USD	USD 1,000,000	9.91	0.300%	Distributing
PM2HKD	6 July 2021	LU2334458945	HKD	USD 1,000,000	9.98	0.300%	Distributing
PM3HEUR	5 October 2022	LU2334456220	EUR	USD 1,000,000	9.99	0.300%	Distributing
PM3HGBP	12 November 2021	LU2334457111	GBP	USD 1,000,000	9.92	0.300%	Distributing
PM3HRMB	20 September 2021	LU2334460339	CNH	USD 1,000,000	9.92	0.300%	Distributing
PM3HSGD	20 September 2021	LU2334458192	SGD	USD 1,000,000	9.90	0.300%	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 2024