HSBC Asset Management

HSBC Global Investment Funds

ULTRA SHORT DURATION BOND

Monthly report 31 December 2023 | Share class PM2HKD

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.

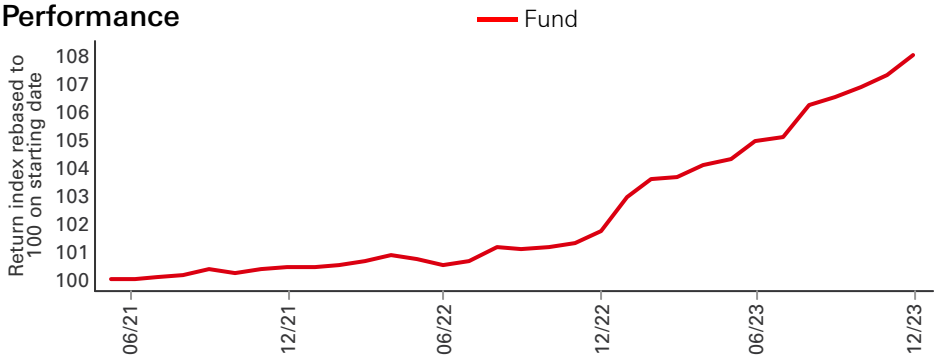
Share Class Details

Key metrics	
NAV per Share	**HKD 9.95**
Performance 1 month	**0.65%**
Yield to maturity	**5.86%**
Fund facts	
UCITS V compliant	**Yes**
Subscription mode	**Cash**
Dividend treatment	**Distributing**
Distribution Frequency	**Monthly**
Dividend ex-date	**28 December 2023**
Dividend annualised yield	**5.65%**
Last Paid Dividend	**0.045667**
Dealing frequency	**Daily**
Valuation Time	**17:00 Luxembourg**
Share Class Base Currency	**HKD**
Domicile	**Luxembourg**
Inception date	**6 July 2021**
Fund Size	**USD 991,079,251**
Managers	**Jason E Moshos Viral Desai**
Fees and expenses	
Minimum initial investment (SG)[1]	**HKD 10,000**
Maximum initial charge (SG)	**3.000%**
Management fee	**0.300%**
Codes	
ISIN	**LU2334458945**
Bloomberg ticker	**HDPM2HK LX**

[1]Please 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 KIID before making any final investment decisions.
Source: HSBC Asset Management, data as at 31 December 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
PM2HKD	**6.17**	**0.65**	**1.42**	**2.91**	**6.17**	**--**	**--**	**3.14**
PM2HKD (Net)*	3.08	-2.28	-1.53	-0.08	3.08	--	--	1.92

Calendar year performance (%)	2019	2020	2021	2022	2023
PM2HKD	**--**	**--**	**--**	**1.29**	**6.17**
PM2HKD (Net)*	--	--	--	-1.66	3.08

3-Year Risk Measures	PM2HKD	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--

5-Year Risk Measures	PM2HKD	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	635	--	--
Average coupon rate	4.70	--	--
Yield to worst	5.87%	--	--
OAD	0.32	--	--
Modified Duration to Worst	0.33	--	--
Option Adjusted Spread Duration	1.19	--	--
Average maturity	1.16	--	--

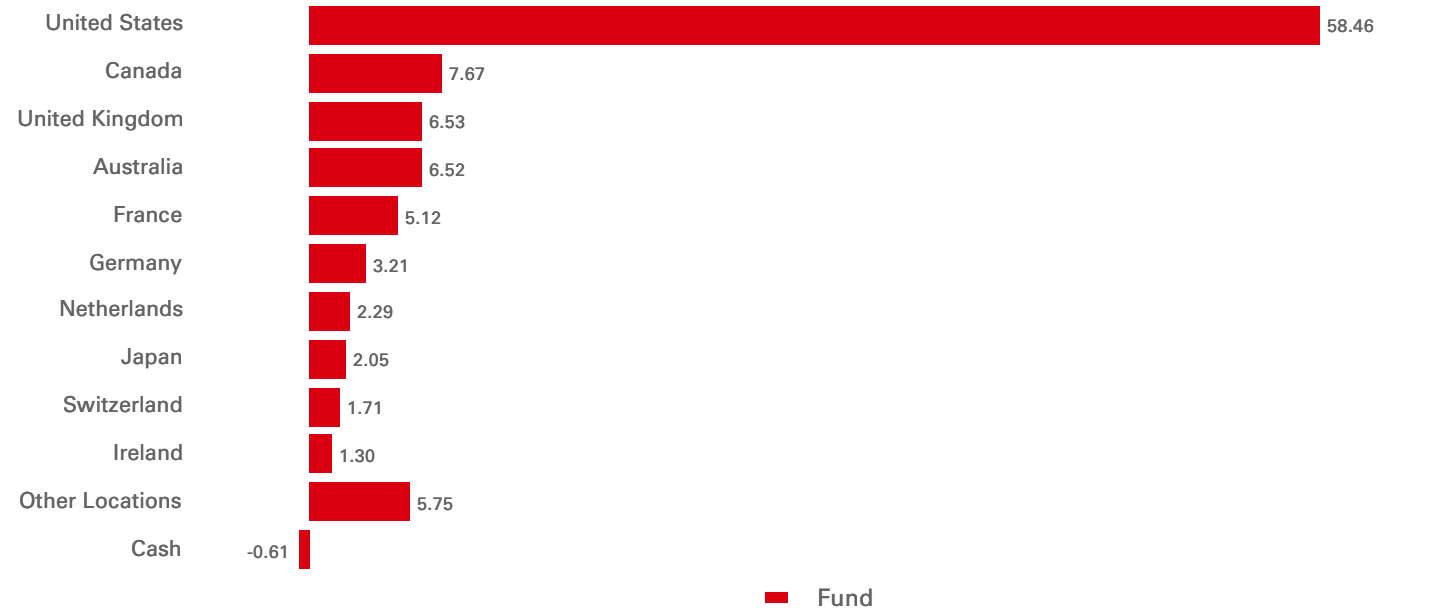
Credit rating (%)	Fund	Reference benchmark	Relative
AAA	11.56	--	--
AA	23.47	--	--
A	39.78	--	--
BBB	25.79	--	--
NR	0.01	--	--
Cash	-0.61	--	--

Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
0 - 6months	0.04	--	--
6months - 1 years	0.07	--	--
1 years - 1.5 years	0.13	--	--
1.5 years - 2 years	0.01	--	--
2 years - 2.5 years	0.02	--	--
2.5 years - 4 years	0.04	--	--
Over 4 years	0.01	--	--
Total	**0.32**	**--**	**--**

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Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	100.25	--	--
GBP	0.20	--	--
EUR	0.04	--	--
SGD	0.00	--	--
CHF	0.00	--	--
JPY	0.00	--	--
CNH	0.00	--	--
AUD	-0.12	--	--
CNY	-0.15	--	--
HKD	-0.22	--	--

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	36.46	--	--
Consumer Non cyclical	8.71	--	--
Treasury Bill	6.28	--	--
Consumer Cyclical	6.25	--	--
Communications	4.89	--	--
CLO	4.83	--	--
Non Agency CMBS	4.72	--	--
Capital Goods	4.06	--	--
Basic Industry	3.77	--	--
Insurance	3.50	--	--
Other Sectors	17.12	--	--
Cash	-0.61	--	--

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

Top 10 Holdings	Weight (%)
US TREASURY FRN 5.501 31/10/25	2.04
RECKITT BEN TSY 2.750 26/06/24	1.19
ATHENE GLOBAL FU 6.108 24/05/24	1.02
VODAFONE GROUP 4.125 30/05/25	0.95
EMD FINANCE LLC 3.250 19/03/25	0.90
PEPSICO INC 5.795 12/11/24	0.84
MASSMUTUAL GLBL 6.346 10/07/26	0.83
NEW YORK LIFE GL 6.366 02/04/26	0.82
JABIL INC 0.000 05/01/24	0.81
DBS GROUP HLDGS 5.701 22/11/24	0.77

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

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

Monthly performance commentary

December ended 2023 with the continued risk asset rally which saw markets finish close to historical highs in a year that started off with volatility, weak sentiment, and negative returns. Following the banking crisis in March which saw risk assets sell off, markets seesawed somewhat as they focused on inflation concerns and debt ceiling anxiety. This gave way to more optimistic sentiment in the second half of the year as inflation concerns began to subside and the expectations for a soft-landing and potential rate cuts in 2024 became the dominant market narrative. Credit markets delivered another month of positive total return in December driving YTD returns to impressive levels given how they started the year. Short term yields moved lower with the 2-year Treasury falling by -0.43% to finish the month at 4.25% 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 7 to finish the month at 76 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 5.87% 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, securitized credit and consumer noncyclical segments of the portfolio.

Positioning

Average credit quality continues to skew higher and sits at A+ 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 remains defensive given the prospect of an economic slowdown and the continued risk for additional rate and spread volatility.

The portfolio's floating rate exposure is around 47% with exposure from both corporate bonds and securitized credit. The effective duration remained relatively stable at 0.32 years with a spread duration of 1.19 years.

We continue to like the 1-2 year segment of the fixed corporate bond market where the steepness of the front-end yield curve continues to offer more attractive relative value vs the very short end. At the same time, we are employing Treasury futures as a hedge to help manage the effective duration of the portfolio within our set range to limit rate volatility.

Outlook

Starting off 2024, investors seem firmly convinced of a soft economic landing scenario with current spread levels remaining optimistically tight. On the other hand, markets are also expecting a significant number of rate cuts in 2024, starting as soon as March. Our view is that the global economy could slow more meaningfully than what markets are pricing, and we think its likely to occur in the first half of 2024. As a result, over the longer term we still expect that spreads are more likely to move wider in 2024 as we move towards a slowdown with more moderate inflation. In the short term, while we don't see any specific catalyst that would send spreads meaningfully wider, we do recognize the increased uncertainty which could lead to some short-term volatility in both rates and credit spreads. We continue to have a defensive bias but remain tactical with our positioning, taking advantage of short-term opportunities as they arise.

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

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

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Company Registration No. 198602036R
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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
PC USD	6.12	0.67	1.72	3.29	6.12	--	--	2.86
PC USD (Net)*	3.03	-2.26	-1.24	0.28	3.03	--	--	1.68
PM2 USD	6.12	0.67	1.72	3.28	6.12	--	--	2.86
PM2 USD (Net)*	3.03	-2.26	-1.24	0.27	3.03	--	--	1.68
PM2HKD HKD	6.17	0.65	1.42	2.91	6.17	--	--	3.14
PM2HKD HKD (Net)*	3.08	-2.28	-1.53	-0.08	3.08	--	--	1.92
PM3HRMB CNH	3.34	0.41	1.17	1.96	3.34	--	--	2.57
PM3HRMB CNH (Net)*	0.33	-2.52	-1.78	-1.01	0.33	--	--	1.25
PM3HSGD SGD	4.53	0.53	1.27	2.37	4.53	--	--	2.37
PM3HSGD SGD (Net)*	1.49	-2.39	-1.68	-0.61	1.49	--	--	1.05

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

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	28 December 2023	0.045383	5.64%
PM2HKD	HKD	Monthly	28 December 2023	0.045667	5.65%
PM3HRMB	CNH	Monthly	28 December 2023	0.020478	2.51%
PM3HSGD	SGD	Monthly	28 December 2023	0.030684	3.79%

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	10.75	0.300%	Accumulating
PM2	8 June 2021	LU2334455339	USD	USD 1,000,000	9.90	0.300%	Distributing
PM2HKD	6 July 2021	LU2334458945	HKD	USD 1,000,000	9.95	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	9.89	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 + (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 31 December 2023