

HSBC Global Investment Funds

ASIA ESG BOND

Monthly report 29 February 2024 | Share class AM3OSGD



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Asian bonds, while promoting environmental, social and governance (ESG) characteristics. The Fund also aims to achieve a higher ESG rating than the weighted average of the constituents of its reference benchmark. The Fund qualifies under Article 8 of SFDR.



Investment strategy

The Fund is actively managed. The Fund will invest at least 90% in investment grade and non-Investment grade bonds and unrated bonds and other similar securities issued by governments, government-related entities and supranational entities and companies that are based in Asia and will invest at least 70% in bonds and securities issued by issuers meeting certain ESG rating and lower carbon intensity criteria. The ESG and lower carbon criteria may include the exclusion of companies such as weapons and tobacco. The Fund invests mostly in bonds which are denominated in US dollars; 10% in securities issued by a single sovereign issuer with credit rating below investment grade; 10% in other funds. The Fund may invest up to: 30% in onshore Chinese bonds; 10% in convertible bonds; 10% in contingent convertible securities; 10% in asset backed securities and mortgage-backed securities; and can invest in bank deposits, money market instruments. 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 7.90
Performance 1 month	-0.49%
Yield to maturity	6.22%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Distributing
Distribution Frequency	Monthly
Dividend ex-date	29 February 2024
Dividend annualised yield	4.88%
Last Paid Dividend	0.035255
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	SGD
Domicile	Luxembourg
Inception date	19 January 2022
Fund Size	USD 25,813,868
Managers	Alfred Mui Wilson Yip

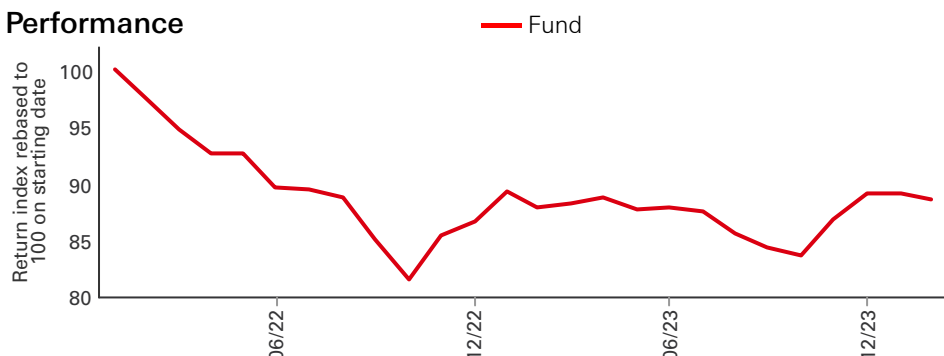
Fees and expenses

Maximum initial charge (SG)	3.100%
Management fee	1.100%

Codes

ISIN	LU2423945851
Bloomberg ticker	HSAEAMS LX

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.

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 29 February 2024

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM3OSGD	-0.65	-0.49	2.01	3.44	0.72	--	--	-5.51
AM3OSGD (Net)*	-3.54	-3.38	-0.96	0.42	-2.21	--	--	-6.82

Calendar year performance (%)	2019	2020	2021	2022	2023
AM3OSGD	--	--	--	--	2.87
AM3OSGD (Net)*	--	--	--	--	-0.13

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	230.44	386.05	Fund	6.2	6.2	5.3	5.3
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO ₂ e/USD million)			Reference benchmark	5.5	5.5	5.3	5.1
Source of analytics: Trucost							

3-Year Risk Measures	AM3OSGD	Reference benchmark	5-Year Risk Measures	AM3OSGD	Reference benchmark
Volatility	--	--	Volatility	--	--
Sharpe ratio	--	--	Sharpe ratio	--	--

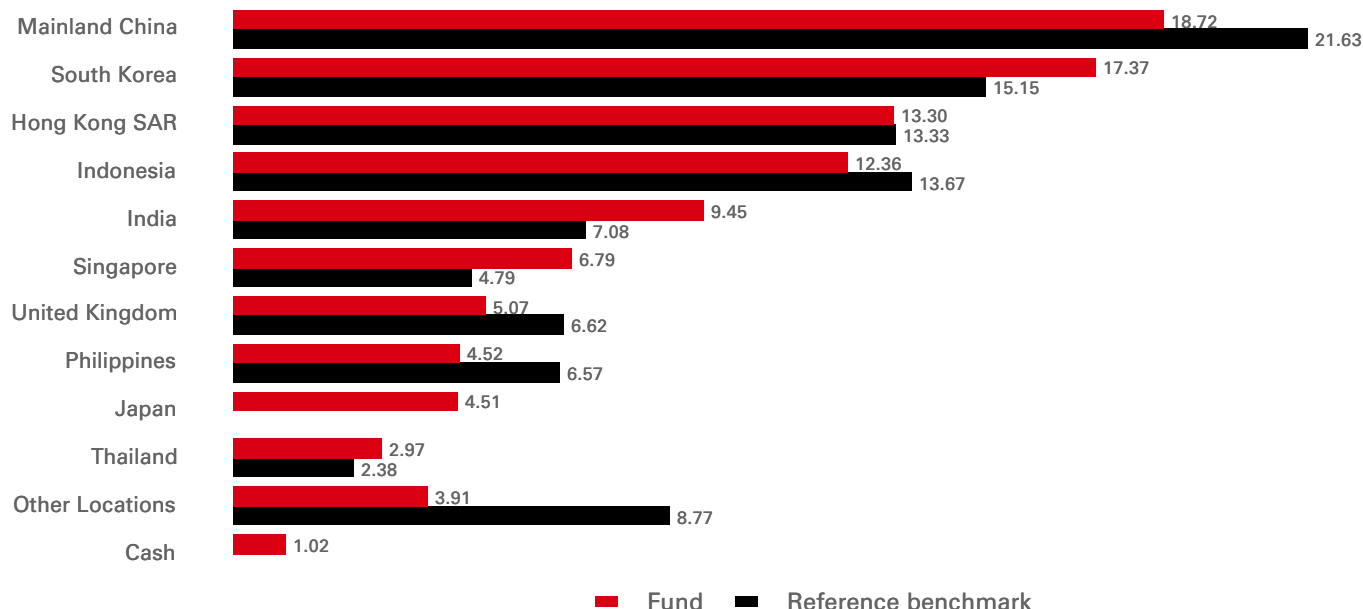
Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	125	1,122	--
Yield to worst	6.11%	6.54%	-0.43%
Yield to maturity	6.22%	6.60%	-0.38%
Modified Duration to Worst	4.76	4.51	0.25
Option Adjusted Spread Duration	4.88	4.56	0.33
Average maturity	7.15	6.25	0.90
Rating average	A-/BBB+	A-/BBB+	--
Number of issuers	84	382	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
AAA	--	1.75	-1.75	0-2 years	0.25	0.33	-0.08
AA	10.31	16.44	-6.13	2-5 years	1.07	1.03	0.05
A	31.28	24.97	6.31	5-10 years	1.18	1.26	-0.08
BBB	42.55	42.12	0.43	10+ years	2.25	1.79	0.45
BB	10.77	8.47	2.30	Total	4.75	4.41	0.34
B	1.57	2.41	-0.84				
CCC	0.53	0.27	0.26				
CC	--	0.02	-0.02				
D	--	0.60	-0.60				
NR	1.99	2.96	-0.97				
Cash	1.02	--	1.02				

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.
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% JP Morgan ESG Asia Credit
Source: HSBC Asset Management, data as at 29 February 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.99	100.00	-0.01
EUR	0.01	--	0.01
SGD	0.00	--	0.00
HKD	0.00	--	0.00
AUD	0.00	--	0.00
CNY	0.00	--	0.00
GBP	0.00	--	0.00

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banks	28.99	17.37	11.62
Government	14.03	25.90	-11.87
Communications	9.11	4.21	4.90
Energy	9.07	5.92	3.14
Diversified Finan serv	9.03	8.75	0.27
Insurance	5.31	3.47	1.84
Consumer Cyclical	5.06	6.23	-1.17
Real Estate	4.96	5.71	-0.74
Utilities	3.71	4.07	-0.36
Technology	3.69	4.92	-1.24
Other Sectors	6.03	13.43	-7.41
Cash	1.02	--	1.02

Top 10 Holdings	Weight (%)
BANGKOK BANK/HK 9.025 15/03/29	2.30
OVERSEA-CHINESE 1.832 10/09/30	1.47
PRU FUNDING ASIA 2.950 03/11/33	1.38
SUMITOMO MITSUI 6.184 13/07/43	1.28
STANDARD CHART 2.678 29/06/32	1.26
PT PERTAMINA 6.500 27/05/41	1.25
RENEW POWER 5.875 05/03/27	1.11
SHINHAN FINL GRP 2.875	1.10
ZHONGSHENG 3.000 13/01/26	1.09
INDONESIA (REP) 4.625 15/04/43	1.09

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 slightly negatively and underperformed the benchmark slightly for February amid the uptick in US Treasury yields. On a relative basis, the fund's underweight in Macau gaming and selection in stronger China developers detracted from the relative returns. Conversely, the fund benefited from its overweight in India HY renewables and China HY industrials.

We are underweight the China property sector as the physical housing market remained weak given the continual decline in home sales. On the fund's allocation, the largest active sector positioning is an overweight in bank subordinated debt given their relatively defensive nature and attractive yields, particularly those from Korea, Singapore, and Japan. At the same time, we are overweight the China consumer and industrial sectors in a selective manner. We are also overweight India renewables which we expect to remain well supported by global sustainable investors. We are overweight debt from Japan, India, and Singapore. Besides, we continued to maintain MSCI ESG ratings more than 10% higher than benchmark JP Morgan ESG Index. On the other hand, we are underweight sovereign and quasi-sovereign bonds given their broadly speaking lower yields than other sectors. Similarly, we are also underweight China, Macau, and Philippines. We remained overweight in duration over the month given the downtrend trend of US Treasury yields.

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.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
PRUDENTIAL FUNDING ASIA	0.87	PRUFIN 3.125 04/14/30	0.87
RKPF OVERSEAS 2	1.41	CNSHAN 4.1 06/15/25 GMTN	1.16
AIA GROUP LTD	2.37	SHANPU 3.25 07/14/25 EMTN	1.34
LENOVO GROUP LTD	2.76	ROADKG 7 PERP	1.41
STANDARD CHARTERED PLC	3.26	ROADKG 7.95 PERP .	1.41
HUARONG FINANCE 2017 CO	3.92	ROADKG 5.125 07/26/26	1.41
DBS GROUP HOLDINGS LTD	4.08	ROADKG V7.75 PERP	1.41
ZHONGSHENG GROUP	4.12	TYANLI V5.25 PERP	1.88
HANA BANK	4.25	CTIH V6.4 PERP	2.01
SHINHAN BANK	5.02	XIAOMI 4.1 07/14/51 REGS	2.06

Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
MEDCO BELL PTE LTD	2,527.89	UTCMIN 2.8 02/16/31 REGS	8,930.68
FORTUNE STAR BVI LTD	792.55	WESCHI 4.95 07/08/26	8,379.68
PT PAKUWON JATI	521.63	GDHJIN 1.875 06/23/25	6,812.49
THAIOIL TRSRY CENTER	230.00	GZGETH 2.85 01/19/27	5,485.99
SK HYNIX INC	207.20	HXCEME 2.25 11/19/25 emtn	4,564.44
SF HOLDING INVESTMENT	205.24	SSW 5.5 08/01/29 REGS	4,077.76
TSMC GLOBAL LTD	169.74	ACENPM 4 PERP EMTN	3,236.94
ROYAL CAPITAL BV	132.32	NICAU 11.25 10/21/28 REGS	2,945.06
CHINA MENGNIU DAIRY	103.46	MEDCIJ 6.375 01/30/27 REGS	2,527.89
INDOFOOD CBP SUKSES MAKM	81.54	MEDCIJ 7.375 05/14/26 REGS	2,527.89

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.

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

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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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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
AM2 USD	-0.32	-0.32	2.51	4.44	2.48	--	--	-4.46
AM2 USD (Net)*	-3.22	-3.23	-0.47	1.40	-0.50	--	--	-5.79
AM3OAUD AUD	-0.54	-0.43	2.15	3.67	0.99	--	--	-5.62
AM3OAUD AUD (Net)*	-3.44	-3.33	-0.82	0.65	-1.95	--	--	-6.93
AM3OEUR EUR	-0.58	-0.46	2.06	3.49	0.46	--	--	-6.50
AM3OEUR EUR (Net)*	-3.47	-3.36	-0.91	0.48	-2.47	--	--	-7.80
AM3OGBP GBP	-0.37	-0.35	2.37	4.17	1.84	--	--	-5.13
AM3OGBP GBP (Net)*	-3.27	-3.25	-0.61	1.13	-1.12	--	--	-6.45
AM3ORMB CNH	-0.77	-0.55	1.75	3.20	-0.31	--	--	-5.98
AM3ORMB CNH (Net)*	-3.66	-3.45	-1.21	0.19	-3.22	--	--	-7.29
AM3OSGD SGD	-0.65	-0.49	2.01	3.44	0.72	--	--	-5.51
AM3OSGD SGD (Net)*	-3.54	-3.38	-0.96	0.42	-2.21	--	--	-6.82

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2 USD	--	--	--	--	4.49
AM2 USD (Net)*	--	--	--	--	1.45
AM3OAUD AUD	--	--	--	--	2.91
AM3OAUD AUD (Net)*	--	--	--	--	-0.08
AM3OEUR EUR	--	--	--	--	2.26
AM3OEUR EUR (Net)*	--	--	--	--	-0.72
AM3OGBP GBP	--	--	--	--	3.71
AM3OGBP GBP (Net)*	--	--	--	--	0.69
AM3ORMB CNH	--	--	--	--	1.68
AM3ORMB CNH (Net)*	--	--	--	--	-1.28
AM3OSGD SGD	--	--	--	--	2.87
AM3OSGD SGD (Net)*	--	--	--	--	-0.13

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.
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	0.048216	7.56%
AM3OAUD	AUD	Annually	29 February 2024	0.039662	0.50%
AM3OEUR	EUR	Monthly	29 February 2024	0.037482	5.85%
AM3OGBP	GBP	Monthly	29 February 2024	0.046022	7.24%
AM3ORMB	CNH	Monthly	29 February 2024	0.030738	4.76%
AM3OSGD	SGD	Monthly	29 February 2024	0.035255	5.49%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AM2	19 January 2022	LU2423945182	USD	USD 5,000	7.92	1.100%	Distributing
AM3OAUD	19 January 2022	LU2423945265	AUD	USD 5,000	7.89	1.100%	Distributing
AM3OEUR	19 January 2022	LU2423945422	EUR	USD 5,000	7.89	1.100%	Distributing
AM3OGBP	19 January 2022	LU2423945695	GBP	USD 5,000	7.88	1.100%	Distributing
AM3ORMB	19 January 2022	LU2423950265	CNH	USD 5,000	7.91	1.100%	Distributing
AM3OSGD	19 January 2022	LU2423945851	SGD	USD 5,000	7.90	1.100%	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