

## HSBC Global Investment Funds

# GLOBAL HIGH INCOME BOND

Monthly report 29 February 2024 | Share class AM2

Fund center



### Risk Disclosure

- The Fund invests mainly in higher yielding bonds, including non-investment grade bonds.
- The Fund may pay dividends out of capital or gross of expenses. Dividend is not guaranteed and may result in capital erosion and reduction in net asset value.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, credit rating, currency, volatility, liquidity, general debt securities, interest rate, valuation, sovereign debt, geographic concentration, emerging markets, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes or RMB denominated class are subject to higher currency and exchange rate risks.
- Investors should not invest solely based on factsheet and should read the offering documents for details.



### Investment objective

The Fund aims to provide income by investing in a portfolio of higher yielding bonds, while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.



### Investment strategy

The Fund is actively managed. The Fund may invest in investment grade rated and high yield bonds, Asian and Emerging Market debt instruments and may invest in bonds issued by governments, government agencies in developed and emerging markets. The Fund's asset allocation is managed with regard to the following neutral positions: 25% USD Emerging Market bonds, 17.5% US based investment grade corporate bonds, 17.5% US based high yield bonds, 15% Euro denominated investment grade corporate bonds hedged to USD, 15% Euro denominated high yield bonds hedged to USD, 10% Global Securitised. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process. The Fund will not invest in bonds issued by companies with involvement in specific excluded activities, such as, tobacco and controversial weapons. The Fund may invest up to 10% in onshore Chinese bonds, up to 10% in convertible bonds, up to 10% in contingent convertible securities and up to 20% in asset backed securities and mortgage-backed securities. See the Prospectus for a full description of the investment objectives and derivative usage.

### Share Class Details

#### Key metrics

NAV per Share	USD 8.01
Yield to maturity	6.62%

#### Fund facts

UCITS V compliant	Yes
Dividend treatment	Distributing
Distribution Frequency	Monthly
Dividend ex-date	29 February 2024
Dividend annualised yield*	7.49%
Dividend Amount	0.048355
Dealing frequency	Daily
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	28 July 2010
Fund Size	USD 860,676,464
Reference benchmark	100% Bloomberg Global Aggregate Corporate Bond Index USD Hedged

Managers	Jerry Samet Ricky Liu Andrew John Jackson Jaymeson Paul Kumm Jean Olivier Neyrat
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#### Fees and expenses

Minimum initial investment (HK) <sup>1</sup>	USD 1,000
Maximum initial charge (HK)	3.000%
Management fee	1.250%

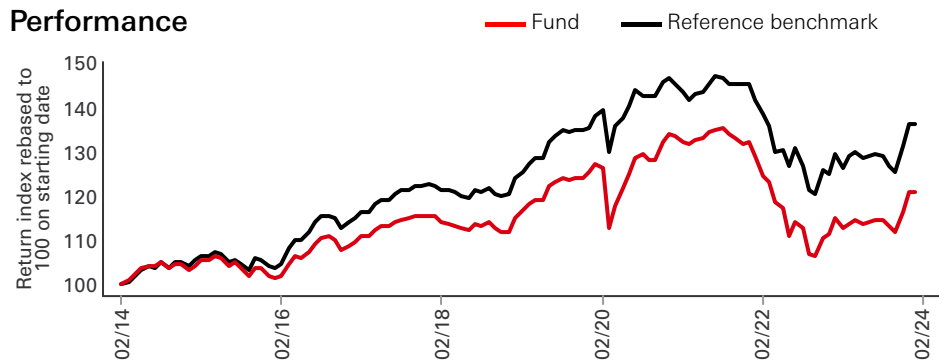
#### Codes

ISIN	LU0524291456
Bloomberg ticker	HGHIBAM LX

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

Past performance does not predict future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations. \*The fund may pay dividends out of capital or gross of expenses. Reference Performance Benchmark: Bloomberg Barclays Global Aggregate Corporate USD Hedged since 1 Sep 2019. Prior to that, was 35% Bloomberg Barclays USD Emerging Markets 20% Bloomberg Barclays US Aggregate Corporate Baa 15% Bloomberg Barclays US High Yield Ba 15% Bloomberg Barclays Euro Aggregate Corporate Baa Hedged USD 15% Bloomberg Barclays Euro High Yield BB Hedged USD. Fund change that may have material impact on performance: 16 Nov 2018 - Change in the manner of charging sales charge / switching charge. For definition of terms, please refer to the Glossary QR code. Source: HSBC Asset Management, data as at 29 February 2024

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years
AM2	-0.38	-0.32	3.27	5.12	6.81	-8.99	3.15
Reference benchmark	-1.15	-1.10	2.62	4.32	6.80	-6.01	7.61

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2	12.07	6.79	-1.15	-15.76	8.28
Reference benchmark	12.38	8.26	-0.79	-14.11	9.10

The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history.  
Results are cumulative

3-Year Risk Measures	AM2	Reference benchmark	5-Year Risk Measures	AM2	Reference benchmark
Volatility	7.45%	7.61%	Volatility	8.46%	7.47%
Sharpe ratio	-0.74	-0.58	Sharpe ratio	-0.16	-0.07
Tracking error	2.90%	--	Tracking error	3.36%	--
Information ratio	-0.36	--	Information ratio	-0.25	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	651	16,033	--
Average coupon rate	5.16	3.68	1.48
Portfolio yield	6.45%	5.02%	1.44%
Effective duration	4.70	5.89	-1.19
Average maturity	6.85	8.46	-1.62
Average Credit Quality	BBB/BBB-	A-/BBB+	--
Number of issuers	375	2111	--

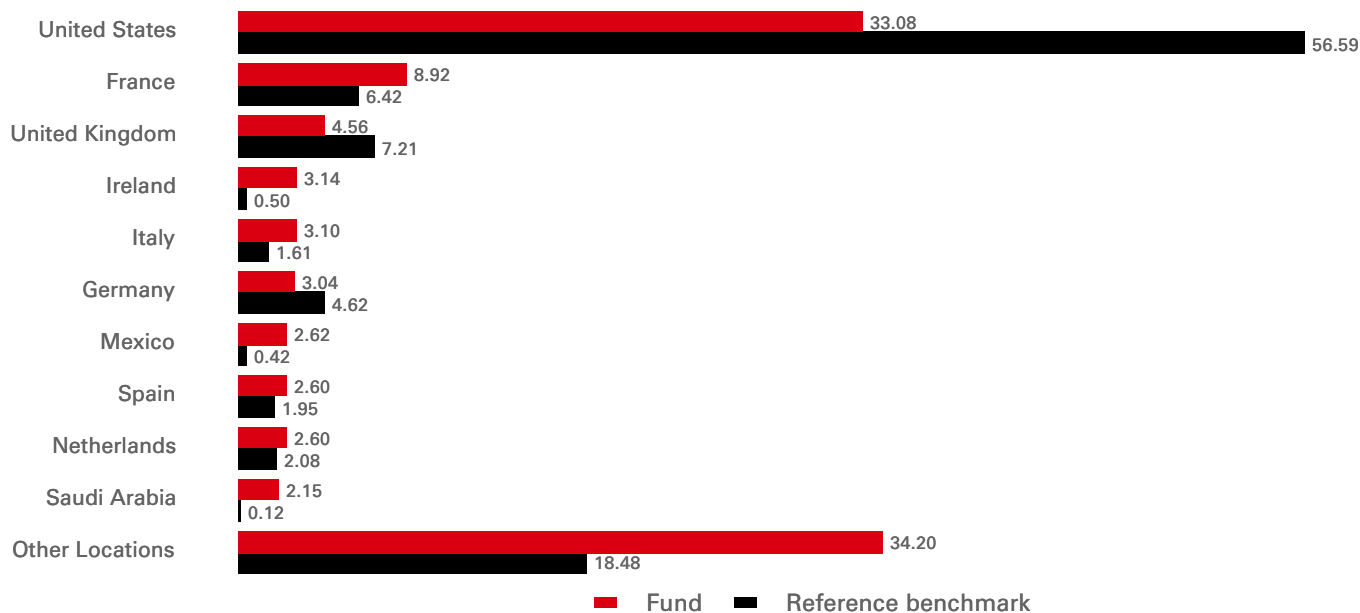
Credit rating (%)	Fund	Reference benchmark	Relative	Asset allocation (%)	Fund	Reference benchmark	Relative
AAA	1.25	0.90	0.34	USD Corporates	32.12	64.10	-31.98
AA	6.82	7.77	-0.95	EUR Corporates	25.99	23.23	2.76
A	10.31	43.48	-33.17	EMD	23.81	3.68	20.13
BBB	43.65	47.84	-4.19	ABS	9.05	0.02	9.03
BB	23.92	--	23.92	US Treasuries	3.68	--	3.68
B	7.83	--	7.83	Others	1.63	8.97	-7.34
CCC	1.86	--	1.86	Cash	3.71	--	3.71
C	0.06	--	0.06				
D	0.34	--	0.34				
NR	0.24	--	0.24				
Cash	3.71	--	3.71				

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

Maturity Breakdown (Effective duration)	Fund	Reference benchmark	Relative	Currency Allocation (%)	Fund	Reference benchmark	Relative
0-2 years	0.15	0.18	-0.03	USD	99.40	100.00	-0.60
2-5 years	1.39	1.06	0.33	EUR	0.50	--	0.50
5-10 years	1.71	1.73	-0.02	IDR	0.06	--	0.06
10+ years	1.46	2.93	-1.47	GBP	0.03	--	0.03
<b>Total</b>	<b>4.70</b>	<b>5.89</b>	<b>-1.19</b>	AUD	0.01	--	0.01
				CLP	0.00	--	0.00
				SGD	0.00	--	0.00
				BRL	0.00	--	0.00
				HKD	0.00	--	0.00
				ZAR	0.00	--	0.00
				Other Currencies	0.00	--	0.00

#### Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial	26.76	39.44	-12.68
Government	17.17	0.01	17.17
Energy	10.48	5.98	4.50
Consumer Non cyclical	7.80	15.76	-7.96
Communications	5.38	7.96	-2.58
Utilities	4.86	8.81	-3.96
Asset Backed Securities	4.59	--	4.59
Consumer Cyclical	4.45	7.57	-3.12
Mortgage Securities	4.39	--	4.39
Industrial	4.39	6.89	-2.50
Other Sectors	6.04	7.58	-1.54
Cash	3.71	--	3.71

Top 10 Holdings	Weight (%)
FRANCE O.A.T. 1.750 25/11/24	1.25
CCO HOLDINGS LLC 7.375 01/03/31	0.84
CHESAPEAKE ENRGY 6.750 15/04/29	0.66
IQVIA INC 5.700 15/05/28	0.65
AVIS BUDGET CAR 8.000 15/02/31	0.63
VENTURE GLOBAL L 8.375 01/06/31	0.60
CRED SUIS NY 3.625 09/09/24	0.59
LABL INC 9.500 01/11/28	0.57
US TREASURY N/B 4.250 31/12/25	0.55
INTESA SANPAOLO 3.875 14/07/27	0.54

## Monthly performance commentary

February saw risk assets and rates move higher as US growth and inflation data came in higher than expected and Q4 corporate earnings were largely in line. Rates stabilized somewhat later in the month as retail sales were weaker than markets had expected. Global Credit total returns were mixed over the month with more rate sensitive IG bonds in negative territory while High Yield remained positive. Monthly supply in IG issuance was \$218.6 billion, for a YTD total of \$489.9 billion. HY saw \$27.8 billion issued over the month for a YTD total of \$56.2 billion. US Treasury yields rose in January with the curve reinverting somewhat lead by a larger move in shorter dated maturities. The 2, 5, 10 and 30 year moved higher by 41, 41, 34 and 21 basis points to finish the month at 4.62%, 4.24%, 4.25% and 4.38% respectively.

In this context the strategy delivered negative performance on an absolute basis gross of fees.

February saw positive total returns from EMD and Securitized Credit while US and Euro Credit saw negative returns. EMD was the best performing segment followed by Securitized Credit while US Credit was the weakest performer followed by Euro Credit. All segments apart from US Credit saw positive outperformance vs their respective investment universes.

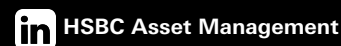
The fund is invested predominantly in corporate BBB and BB credit and with an allocation to sovereigns at 17% and structured credit at 10%. From a credit perspective the fund has an average credit rating of BBB/BBB- with 66% investment grade which includes 4% cash and 34% below investment grade. Regionally, the strategy has exposure to US Credit 26%, EUR Credit 27%, EM 27% and Structured Credit 10%. The 3 top industry sector exposures are to financials, sovereigns and energy. High quality financials offer attractive valuations vs industrials while higher quality energy also looks attractive from a valuation perspective while the elevated exposure to sovereigns is as a result of a more defensive positioning in credit. The current portfolio duration is at 4.70 years on an option adjusted basis.

### Outlook

Although markets have repriced for a more hawkish central bank stance with rate cuts having been pushed back, the overall soft-landing narrative remains dominant in the mind of investors. While the continued strength of the economy has allowed the Fed to be more patient there seems to be little doubt that their next move is still to cut, even if the timing has become less certain. The recent rally in risk assets has brought spreads back to their tightness but the constructive economic outlook should remain supportive in the short term. Our expectation is still that the global economy will slow and as a result, over the longer term we still expect that 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, remaining tactical with our positioning, taking advantage of short-term opportunities as they arise.

In global cross-over portfolios, while we continue to expect an economic slowdown, in the near term we expect markets can still grind tighter. As a result, while we remain cautious longer term, we are positioned with a more neutral stance. We continue to maintain attractive carry by taking advantage of the flat yield curve. Regionally allocations have remained largely unchanged over the month, and we maintain an overweight to duration vs the investment universe. We continue to take advantage of new issuance in the primary market, when possible, predominantly in higher quality paper.

Follow us on:



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at Tel: 852 2284 1111.

Website:  
[www.assetmanagement.hsbc.com/hk](http://www.assetmanagement.hsbc.com/hk)

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#### Glossary



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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.

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

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHCAD	CAD	--	--	--	--
AD	USD	Annually	31 May 2023	0.288233	2.65%
AM2	USD	Monthly	29 February 2024	0.048355	7.49%
AM2	USD	Monthly	31 January 2024	0.048644	7.47%
AM2	USD	Monthly	28 December 2023	0.049346	7.55%
AM2	USD	Monthly	30 November 2023	0.047890	7.53%
AM2	USD	Monthly	31 October 2023	0.046501	7.57%
AM2	USD	Monthly	27 September 2023	0.047490	7.60%
AM2	USD	Monthly	30 August 2023	0.047945	7.54%
AM2	USD	Monthly	27 July 2023	0.048637	7.57%
AM2	USD	Monthly	27 June 2023	0.052973	8.28%
AM2	USD	Monthly	31 May 2023	0.052774	8.24%
AM2	USD	Monthly	28 April 2023	0.053892	8.29%
AM2	USD	Monthly	29 March 2023	0.053667	8.31%
AM3HAUD	AUD	Monthly	29 February 2024	0.036018	6.14%
AM3HAUD	AUD	Monthly	31 January 2024	0.036715	6.20%
AM3HAUD	AUD	Monthly	28 December 2023	0.037339	6.28%
AM3HAUD	AUD	Monthly	30 November 2023	0.035547	6.14%
AM3HAUD	AUD	Monthly	31 October 2023	0.034159	6.11%
AM3HAUD	AUD	Monthly	27 September 2023	0.034443	6.05%
AM3HAUD	AUD	Monthly	30 August 2023	0.035815	6.18%
AM3HAUD	AUD	Monthly	27 July 2023	0.037561	6.43%
AM3HAUD	AUD	Monthly	27 June 2023	0.039075	6.69%
AM3HAUD	AUD	Monthly	31 May 2023	0.038100	6.52%
AM3HAUD	AUD	Monthly	28 April 2023	0.039457	6.65%
AM3HAUD	AUD	Monthly	29 March 2023	0.040094	6.81%
AM3HEUR	EUR	Monthly	29 February 2024	0.033793	5.78%
AM3HEUR	EUR	Monthly	31 January 2024	0.032904	5.57%
AM3HEUR	EUR	Monthly	28 December 2023	0.033502	5.65%
AM3HEUR	EUR	Monthly	30 November 2023	0.033712	5.85%
AM3HEUR	EUR	Monthly	31 October 2023	0.032389	5.82%
AM3HEUR	EUR	Monthly	27 September 2023	0.031842	5.61%
AM3HEUR	EUR	Monthly	30 August 2023	0.032026	5.55%
AM3HEUR	EUR	Monthly	27 July 2023	0.031898	5.47%
AM3HEUR	EUR	Monthly	27 June 2023	0.034725	5.97%
AM3HEUR	EUR	Monthly	31 May 2023	0.034571	5.94%
AM3HEUR	EUR	Monthly	28 April 2023	0.033940	5.74%
AM3HEUR	EUR	Monthly	29 March 2023	0.034234	5.83%
AM3HRMB	CNH	Monthly	29 February 2024	0.029279	4.70%
AM3HRMB	CNH	Monthly	31 January 2024	0.027121	4.30%
AM3HRMB	CNH	Monthly	28 December 2023	0.027725	4.38%
AM3HRMB	CNH	Monthly	30 November 2023	0.034852	5.69%
AM3HRMB	CNH	Monthly	31 October 2023	0.036830	6.23%
AM3HRMB	CNH	Monthly	27 September 2023	0.029760	4.93%
AM3HRMB	CNH	Monthly	30 August 2023	0.024983	4.05%
AM3HRMB	CNH	Monthly	27 July 2023	0.027018	4.34%

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 be comprised of both distributed income and capital.

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.

For definition of terms, please refer to the Glossary QR code.

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

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AM3HRMB	CNH	Monthly	27 June 2023	0.033021	5.33%
AM3HRMB	CNH	Monthly	31 May 2023	0.031651	5.10%
AM3HRMB	CNH	Monthly	28 April 2023	0.030946	4.91%
AM3HRMB	CNH	Monthly	29 March 2023	0.035688	5.71%

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