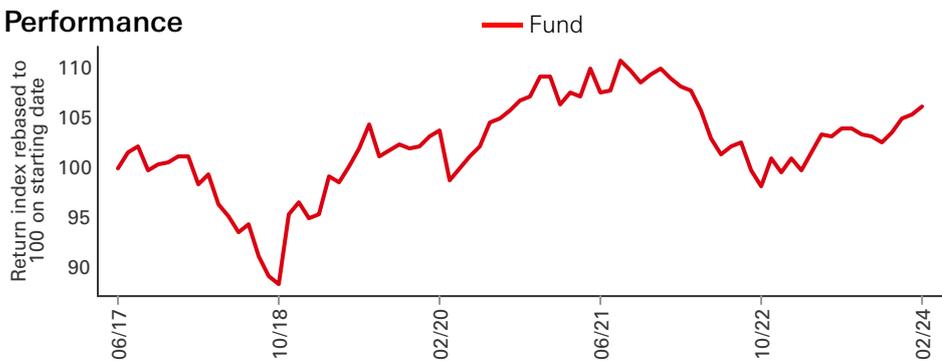




## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
<b>AM2</b>	<b>1.04</b>	<b>0.60</b>	<b>2.52</b>	<b>2.54</b>	<b>6.30</b>	<b>-0.06</b>	<b>2.18</b>
AM2 (Net)*	-1.90	-2.33	-0.46	-0.45	3.20	-1.04	1.57

Calendar year performance (%)	2019	2020	2021	2022	2023
<b>AM2</b>	<b>5.96</b>	<b>6.72</b>	<b>0.78</b>	<b>-9.48</b>	<b>5.46</b>
AM2 (Net)*	2.87	3.61	-2.15	-12.12	2.39

3-Year Risk Measures	AM2	Reference benchmark	5-Year Risk Measures	AM2	Reference benchmark
Volatility	4.97%	--	Volatility	5.64%	--
Sharpe ratio	-0.49	--	Sharpe ratio	0.04	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	79	--	--
Average coupon rate	6.83	--	--
Yield to worst	7.24%	--	--
Yield to maturity	7.24%	--	--
Current yield	6.84%	--	--
OAD	5.72	--	--
Modified Duration to Worst	5.70	--	--
Average maturity	8.73	--	--
Number of issuers	26	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
BBB	74.33	--	--	0-2 years	0.06	--	--
BB	2.16	--	--	2-5 years	0.84	--	--
NR	22.81	--	--	5-10 years	2.68	--	--
Cash	0.69	--	--	10+ years	2.14	--	--
				Cash	0.00	--	--
				<b>Total</b>	<b>5.72</b>	<b>--</b>	<b>--</b>

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

Sector Allocation (%)	Fund	Reference benchmark	Relative
Sovereign	65.40	--	--
Bank	10.89	--	--
Diversified Finan Serv	9.79	--	--
Regional(state/provnc)	6.55	--	--
Transportation	2.86	--	--
Oil & gas	2.06	--	--
Iron/Steel	0.91	--	--
Electric	0.40	--	--
Auto Manufacturers	0.31	--	--
Engineering&Construction	0.14	--	--
Cash	0.69	--	--

Top 10 Holdings	Weight (%)
INDIA GOVT BOND 7.180 24/07/37	10.37
INDIA GOVT BOND 7.300 19/06/53	5.88
INDIA GOVT BOND 7.260 22/08/32	5.75
INDIA GOVT BOND 7.170 17/04/30	5.47
INDIA GOVT BOND 7.260 06/02/33	5.01
INDIA GOVT BOND 6.540 17/01/32	4.80
INDIA GOVT BOND 7.100 18/04/29	4.67
INDIA GOVT BOND 7.260 14/01/29	4.63
INDIA GOVT BOND 7.180 14/08/33	4.21
INDIA GOVT BOND 7.060 10/04/28	3.51

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

## Monthly performance commentary

### Review

The Indian domestic bond market ended February higher amid the downward shift in the Indian sovereign yield curve over the month. The central government's budget was unveiled in February and saw a lower-than-expected fiscal deficit announcement for 2024 and 2025. This was broadly seen as a fiscally responsible move given rising state deficit levels. The Q4 2023 GDP print came in much higher than expected, led by high levels of investments and net exports. Domestic demand was weaker than it was in the previous quarter. On a gross value added (GVA) basis, Q4 growth was in line with expectations. Within the GVA figure, agriculture growth was much weaker than in the previous quarter. Manufacturing and construction remained the strongest drivers of growth, despite being softer than before. Trade services strengthened compared to the previous quarter. Inflation in January came in line with market expectations, softening on a YoY basis. The sequential momentum remained largely unchanged. Although the prices of some vegetables were higher than expected, the price of other persistent items were lower than before. Core inflation continued to fall, and its sequential momentum remained lower than its long-term average. In the flash PMI data, the output index for manufacturers and service providers, combined, saw a seven-month high. This rise was attributed to firms seeing strong demand, and high levels of investments in technology among other reasons. New orders also saw strong momentum, with the goods and service producers combined seeing a 7-month high. New export orders also rose strongly, and it was encouraging to see them rise due to the demand from a range of regions. Industrial production figures came in stronger than expected, and on a sequential basis the index saw a small acceleration. Within this data, manufacturing grew after having contracted in the previous month. Electricity and mining, however, contracted for the second month. Consumer goods also grew, with much of the growth being from a pick-up in non-durable output. Durables output expanded, after contracting in the previous month. Infra goods grew after six months of contraction, whilst capital goods growth remained weak. The INR appreciated against the USD in February on the back of portfolio inflows as India's government bonds will be included in a couple of EM bond indices this year.

### Portfolio strategy

The fund returned positively in February. The fund's yield carry was a key contributor to the positive returns. Meanwhile, FX exposure also contributed positively given the appreciation of the INR against the USD over the month on the back of continuous portfolio inflows given India's government bonds to be included in a couple of EM bond indices this year. The INR was also one of the few Asian currencies that have strengthened against the dollar over last month. In terms of the fund's strategy, we remain long duration as a view given the continual pause in rate decision by the RBI and the stabilizing oil prices. We continue to prefer government bonds over corporates that currently have tight spreads. That said, we remain constructive on INR corporate bonds and prefer government services names that offer yield pick-up and similar interest rate risk profile against the sovereign bonds. We are holding a certain exposure to offshore USD bonds to counter the additional withholding tax and lock in the benefit from still-high UST yields.

### Outlook

Indian government bonds saw resilience in February on strong foreign portfolio investors (FPI) inflows and lower-than-expected fiscal deficit for the fiscal year 2024/2025. The Indian Rupee (INR) has exhibited resilience and is the only Asian currency that has appreciated against the US Dollar year to date. The disinflation trend continues, with moderation in both headline and core CPI inflation in January. Global investors are increasingly exploring Indian bonds as part of their strategic allocation given the low correlation with global markets. Indian bond market has displayed relatively lower volatility compared to global bond markets. While we anticipate an upcoming easing cycle in India, the rate cuts are expected to be modest. This is primarily due to sustained growth of the Indian economy and the government's focus on capital spending, which reduce the need for the RBI to implement drastic easing measures to stimulate the economy. Furthermore, the lower gross borrowing announced in the Budget, along with the commitment of fiscal consolidation and strong foreign inflows lured by India's index inclusion, have been supporting Indian government bond prices. Looking ahead, the INR could see more appreciation potential with the repricing of the USD, lower oil prices, strong service exports and remittances as well as increase in foreign portfolio inflows. With the expectation of multiple rate cuts in the US and India throughout 2024 and 2025, as well as considering the current oil price scenario, we have lengthened our duration positioning. We remain constructive on Indian government bonds, which will benefit from the favourable supply demand dynamics. Overall, the disinflation trend, peaking policy rate alongside rate cut expectations are positive for Indian 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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### Glossary



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## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC USD	1.06	0.60	2.54	2.54	6.31	-0.05	2.18
AC USD (Net)*	-1.89	-2.33	-0.45	-0.45	3.21	-1.03	1.58
ACSGD SGD	3.01	1.23	3.31	2.10	6.18	0.33	2.09
ACSGD SGD (Net)*	0.01	-1.71	0.30	-0.88	3.09	-0.66	1.48
AD USD	1.06	0.60	2.53	2.54	6.28	-0.06	2.17
AD USD (Net)*	-1.89	-2.33	-0.46	-0.45	3.19	-1.04	1.57
AM2 USD	1.04	0.60	2.52	2.54	6.30	-0.06	2.18
AM2 USD (Net)*	-1.90	-2.33	-0.46	-0.45	3.20	-1.04	1.57
AM3OSGD SGD	0.73	0.45	2.06	1.60	4.50	-0.83	1.45
AM3OSGD SGD (Net)*	-2.20	-2.48	-0.91	-1.36	1.46	-1.80	0.85

Calendar year performance (%)	2019	2020	2021	2022	2023
AC USD	5.98	6.72	0.78	-9.47	5.45
AC USD (Net)*	2.89	3.61	-2.15	-12.10	2.38
ACSGD SGD	4.54	4.89	2.81	-9.93	3.72
ACSGD SGD (Net)*	1.50	1.84	-0.18	-12.55	0.70
AD USD	5.96	6.72	0.77	-9.48	5.45
AD USD (Net)*	2.87	3.61	-2.17	-12.12	2.38
AM2 USD	5.96	6.72	0.78	-9.48	5.46
AM2 USD (Net)*	2.87	3.61	-2.15	-12.12	2.39
AM3OSGD SGD	5.10	6.16	0.59	-9.79	3.84
AM3OSGD SGD (Net)*	2.04	3.07	-2.34	-12.42	0.82

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.  
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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	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACSGD	SGD	--	--	--	--
AD	USD	Annually	31 May 2023	0.380486	5.05%
AM2	USD	Monthly	29 February 2024	0.041020	7.60%
AM3OSGD	SGD	Monthly	29 February 2024	0.029804	5.52%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 August 2012	LU0780247804	USD	USD 5,000	13.50	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.73	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	7.75	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	6.70	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	6.64	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:  $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$ , 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