

HSBC Global Investment Funds

ASIA BOND

Monthly report 31 March 2024 | Share class AM3HSGD

Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Asian bonds.

Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 90% of its assets in investment grade, and non-investment grade rated bonds and unrated bonds issued by governments, government-related entities, supranational entities or companies that are based in or carry out the larger part of their business in Asia. The Fund may invest up to 10% of its assets in onshore Chinese bonds which are issued within the People's Republic of China (PRC) and traded on the China Interbank Bond Market. The Fund may invest up to 10% in convertible bonds and up to 10% in contingent convertible securities. The Fund may also invest up to 10% in asset-backed securities and mortgage-backed securities. The Fund may invest up to 10% of its assets in securities issued by any single government issuer with a non-investment grade rating and may invest up to 10% of its assets in other funds. The Fund will not invest more than 40% of its assets in non-investment grade bonds. The Fund's primary currency exposure is to US Dollar (USD). 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 7.58**

Performance 1 month **0.74%**

Yield to maturity **6.05%**

Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS
(Supplementary Retirement Scheme)**

Dividend treatment **Distributing**

Distribution Frequency **Monthly**

Dividend ex-date **27 March 2024**

Dividend annualised yield **4.95%**

Last Paid Dividend **0.030570**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base Currency **SGD**

Domicile **Luxembourg**

Inception date **13 April 2018**

Fund Size **USD 358,708,876**

Managers **Ming Leap
Alex CHOI
Alfred Mui**

Fees and expenses

Minimum initial investment (SG)¹ **SGD 1,000**

Maximum initial charge (SG) **3.000%**

Management fee **1.100%**

Codes

ISIN **LU1560770627**

Bloomberg ticker **HSABAM3 LX**

¹Please 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.

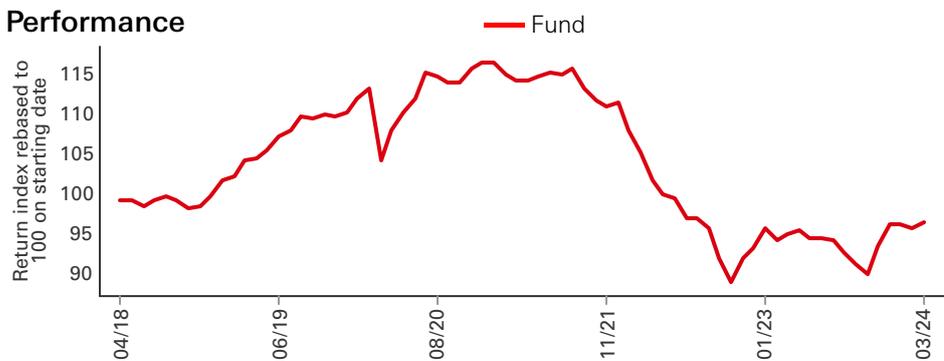
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

There is no guarantee on the principal investment or return on the fund.

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 |
|-----------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| AM3HSGD | 0.05 | 0.74 | 0.05 | 5.70 | 1.43 | -5.48 | -1.54 |
| AM3HSGD (Net)* | -2.86 | -2.20 | -2.86 | 2.62 | -1.52 | -6.41 | -2.12 |

| Calendar year performance (%) | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------|--------------|-------------|--------------|---------------|-------------|
| AM3HSGD | 10.33 | 5.70 | -4.33 | -16.34 | 3.41 |
| AM3HSGD (Net)* | 7.12 | 2.62 | -7.12 | -18.78 | 0.40 |

| 3-Year Risk Measures | AM3HSGD | Reference benchmark | 5-Year Risk Measures | AM3HSGD | Reference benchmark |
|----------------------|---------|---------------------|----------------------|---------|---------------------|
| Volatility | 6.39% | -- | Volatility | 6.83% | -- |
| Sharpe ratio | -1.25 | -- | Sharpe ratio | -0.51 | -- |

| Fixed Income Characteristics | Fund | Reference benchmark | Relative |
|---------------------------------|----------|---------------------|----------|
| No. of holdings ex cash | 320 | 1,231 | -- |
| Yield to worst | 5.91% | 5.58% | 0.33% |
| Yield to maturity | 6.05% | 5.58% | 0.47% |
| Modified Duration to Worst | 5.40 | 4.87 | 0.54 |
| Option Adjusted Spread Duration | 5.06 | 4.86 | 0.20 |
| Average maturity | 8.21 | 6.81 | 1.41 |
| Rating average | BBB+/BBB | A-/BBB+ | -- |
| Number of issuers | 188 | 409 | -- |

| Credit rating (%) | Fund | Reference benchmark | Relative | Maturity Breakdown (OAD) | Fund | Reference benchmark | Relative |
|-------------------|-------|---------------------|----------|--------------------------|-------------|---------------------|-------------|
| AAA | 1.20 | 1.18 | 0.02 | 0-2 years | 0.30 | 0.31 | -0.01 |
| AA | 6.83 | 14.78 | -7.94 | 2-5 years | 1.06 | 1.10 | -0.04 |
| A | 27.59 | 32.58 | -4.99 | 5-10 years | 1.18 | 1.27 | -0.09 |
| BBB | 51.26 | 44.93 | 6.33 | 10+ years | 2.83 | 2.17 | 0.66 |
| BB | 9.00 | 2.36 | 6.65 | Total | 5.37 | 4.86 | 0.52 |
| B | 1.51 | 0.48 | 1.03 | | | | |
| CCC | 0.84 | 0.84 | 0.00 | | | | |
| CC | 0.05 | 0.04 | 0.01 | | | | |
| D | 0.17 | -- | 0.17 | | | | |
| NR | 1.38 | 2.83 | -1.45 | | | | |
| Cash | 0.17 | -- | 0.17 | | | | |

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.

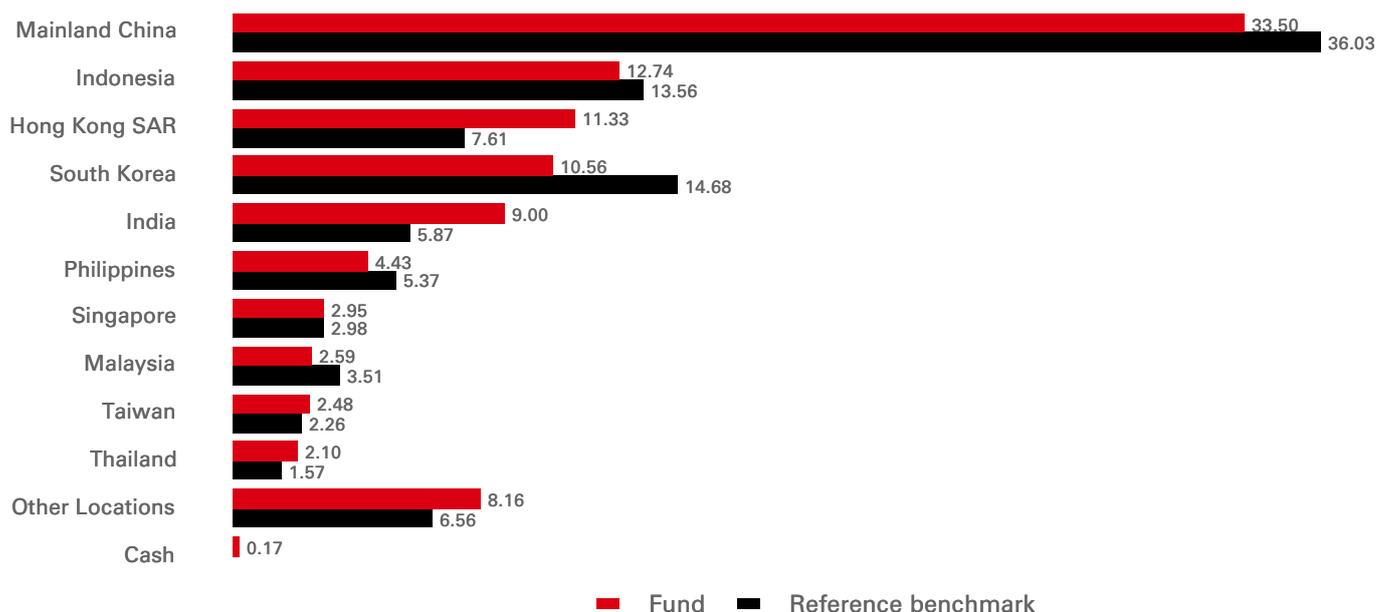
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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% Markit iBoxx USD Asia Bond

Source: HSBC Asset Management, data as at 31 March 2024

| Currency Allocation (%) | Fund | Reference benchmark | Relative |
|-------------------------|-------|---------------------|----------|
| USD | 97.09 | 100.00 | -2.91 |
| JPY | 2.25 | -- | 2.25 |
| IDR | 1.72 | -- | 1.72 |
| KRW | 0.78 | -- | 0.78 |
| INR | 0.53 | -- | 0.53 |
| SGD | 0.01 | -- | 0.01 |
| CNY | 0.00 | -- | 0.00 |
| CAD | 0.00 | -- | 0.00 |
| Other Currencies | -2.38 | -- | -2.38 |

Geographical Allocation (%)



| Sector Allocation (%) | Fund | Reference benchmark | Relative |
|------------------------|-------|---------------------|----------|
| Banks | 15.42 | 9.72 | 5.70 |
| Government | 13.38 | 24.16 | -10.78 |
| Energy | 11.13 | 10.27 | 0.86 |
| Communications | 9.89 | 6.91 | 2.98 |
| Diversified Finan serv | 8.09 | 8.56 | -0.47 |
| Consumer Cyclical | 7.61 | 7.17 | 0.44 |
| Basic Materials | 5.39 | 3.87 | 1.52 |
| Utilities | 5.22 | 7.74 | -2.52 |
| Technology | 4.92 | 3.47 | 1.45 |
| Consumer Non cyclical | 4.65 | 2.82 | 1.83 |
| Other Sectors | 14.12 | 15.30 | -1.18 |
| Cash | 0.17 | -- | 0.17 |

| Top 10 Holdings | Weight (%) |
|---------------------------------|-------------------|
| TSMC GLOBAL LTD 1.250 23/04/26 | 2.48 |
| BANK OF CHINA 5.000 13/11/24 | 1.83 |
| HONG KONG 4.000 07/06/33 | 1.68 |
| PHILIPPINES(REP) 4.200 29/03/47 | 1.57 |
| STANDARD CHART 7.875 | 1.45 |
| PHILIPPINES(REP) 2.950 05/05/45 | 1.35 |
| INDONESIA (REP) 4.200 15/10/50 | 1.33 |
| AIRPORT AUTH HK 2.100 | 1.26 |
| TENCENT HOLDINGS 3.800 11/02/25 | 1.22 |
| TEMASEK FINL I 2.375 02/08/41 | 1.20 |

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

Monthly performance commentary

Market Review

The Asia credit market posted positive returns in March. US Treasury yields were mostly down, driven by a more dovish tone from the Fed at the FOMC meeting. Overall, 2-year treasury yields remained unchanged while 10-year yields dropped by 5 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 top performer was China diversified, benefitting from positive management changes in a dominant aircraft maker. Indonesian utilities also experienced significant spread compression due to positive market sentiment. Macau consumers showed strong performance, supported by the sector's highest post-pandemic gross gaming revenue in March. Conversely, Philippines quasi-sovereigns performed poorly due to a cash-strapped firm selling assets for additional liquidity. Hong Kong infrastructure underperformed because of changes in company and group leadership of a port operator. Indian utilities also detracted, largely attributed to the news on potential investigations into a large conglomerate by US prosecutors.

Within the HY space, Pakistan quasi-sovereigns stood out as the best performer, driven by positive development around the IMF programme. China consumers also performed well, fuelled by the refinancing plans of a car rental firm that was downgraded by a rating agency. Sri Lanka sovereigns saw strong performance because of the progress on debt restructuring plans to secure IMF funding. On the other hand, China oil & gas was the largest detractor, attributable to a major firm delaying the release of its annual results. China real estate also suffered due to worse than expected decline in net income of a large developer. Sri Lanka quasi-sovereigns saw spreads widening.

Outlook

The more dovish tone from the Fed's chair Powell in late March was slightly positive for credit while the market now is considering the possibility of a more modest easing cycle as the US economy remains resilient. Under such circumstances, Asia investment grade bonds should encounter less volatility than their global counterparts given their shorter duration and lower correlation with the UST. Asia credit is expected to continue to produce good risk-adjusted performance over the course of this year. From a fundamental perspective, we see a consistency in credit quality among Asia IG issuers, consisted of mostly national champions and government related entities, leading to the stability of spreads. The macro tailwind in Asia, including strong economic growth, low inflation pressure and pre-emptive monetary policy, will also support corporates' credit matrix and limit fallen angel risk. Meanwhile, we have been seeing more USD bond issuances in Asia, with the aim to capitalize the tight credit spreads as the USD bond market is becoming increasingly competitive relative to onshore markets. Nevertheless, with lower supply so far this year comparing to last year, we continue to expect the net issuance this year to remain negative. Therefore, the favourable technicals on the back of limited supply and strong demand from investors who are trying to lock in better levels of yield, are supportive for Asia credit.

Portfolio strategy

In March, the fund returned positively while underperforming slightly the benchmark as US Treasury yields ticked up before edging lower towards the end of the month. The fund benefited the most from its yield carry as we maintained a higher portfolio yield against the benchmark. The fund also benefited from our long duration positioning versus the benchmark as UST yields overall fell. On the other hand, the fund's credit exposure detracted slightly. Our credit selection in mainland China and Taiwan technology gave us the largest drag as our underweight position in a major semiconductor firm had us missing some strong performance from the growth of artificial intelligence activities. The underweight position in Pakistan sovereigns also detracted due to the positive development around the IMF programme. Also, credit exposure to Indian high yield renewables also hurt our performance due to some potential investigations into a large conglomerate. Meanwhile, the fund's credit selection in Indonesian corporates contributed the most to relative return, driven by a firm's strong annual results. The favourable credit selection in perpetual bonds and Hong Kong quasi-sovereigns also lifted the relative performance.

In terms of positioning, we are overweight the China consumer and industrial sectors in a selective manner. The fund continues to hold an overweight stance in bank subordinated debt given its relatively defensive nature and attractive yields, particularly those in Singapore, Korea and China. On the other hand, we are underweight the China property sector as the physical housing market remained weak given the continual decline in home sales. We also remain underweight sovereign and quasi-sovereign bonds given their broadly speaking lower yields than other sectors. Similarly, we are also underweight China, Korea, and Malaysia. The fund continues to hold an underweight stance in banks, primarily through an underweight in China bank senior debt. We are long in duration positioning in view of the downward trend of US Treasury yields. We have also used interest rate futures to help manage our duration exposure actively.

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. The deviation of the Fund's underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 31 March 2024

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Glossary



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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 |
|----------------------|-------|---------|----------|----------|--------|-------------|-------------|
| AC USD | 0.55 | 0.88 | 0.55 | 6.75 | 3.29 | -4.70 | -0.86 |
| AC USD (Net)* | -2.38 | -2.05 | -2.38 | 3.64 | 0.28 | -5.64 | -1.44 |
| AM3HSGD SGD | 0.05 | 0.74 | 0.05 | 5.70 | 1.43 | -5.48 | -1.54 |
| AM3HSGD SGD (Net)* | -2.86 | -2.20 | -2.86 | 2.62 | -1.52 | -6.41 | -2.12 |
| S47M3HSGD SGD | 0.06 | 0.74 | 0.06 | 5.75 | -- | -- | -- |
| S47M3HSGD SGD (Net)* | -2.85 | -2.20 | -2.85 | 2.67 | -- | -- | -- |

| Calendar year performance (%) | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------|-------|------|-------|--------|------|
| AC USD | 11.10 | 6.17 | -4.20 | -16.08 | 5.07 |
| AC USD (Net)* | 7.86 | 3.08 | -6.99 | -18.52 | 2.01 |
| AM3HSGD SGD | 10.33 | 5.70 | -4.33 | -16.34 | 3.41 |
| AM3HSGD SGD (Net)* | 7.12 | 2.62 | -7.12 | -18.78 | 0.40 |
| S47M3HSGD SGD | -- | -- | -- | -- | -- |
| S47M3HSGD SGD (Net)* | -- | -- | -- | -- | -- |

| Share class | Share Class Base Currency | Distribution Frequency | Dividend ex-date | Last Paid Dividend | Annualised Yield based on ex-dividend date |
|-------------|---------------------------|------------------------|------------------|--------------------|--|
| AC | USD | -- | -- | -- | -- |
| AM3HSGD | SGD | Monthly | 27 March 2024 | 0.030570 | 4.95% |
| S47M3HSGD | SGD | Monthly | 27 March 2024 | 0.040456 | 4.95% |

| Share class | Inception date | ISIN | Share Class Base Currency | Minimum Initial Investment | NAV per Share | Management fee | Distribution type |
|-------------|----------------|--------------|---------------------------|----------------------------|---------------|----------------|-------------------|
| AC | 29 June 2016 | LU1436995101 | USD | USD 5,000 | 10.26 | 1.100% | Accumulating |
| AM3HSGD | 13 April 2018 | LU1560770627 | SGD | USD 5,000 | 7.58 | 1.100% | Distributing |
| S47M3HSGD | 2 August 2023 | LU2585153823 | SGD | USD 100,000 | 10.03 | 0.950% | 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.

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.

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