

## HSBC Global Investment Funds

# INDIA FIXED INCOME

Monthly report 31 March 2024 | Share class AM3OSGD



### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Indian bonds and other similar securities.



### Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, the Fund will invest at least 90% of its assets in Indian rupee denominated investment grade bonds, non-investment grade bonds and unrated bonds issued by government and corporate entities; investment grade, non-investment grade and unrated bonds issued by government, government-related entities and companies that are based in or carrying out the larger part of their business in India that are denominated in other currencies; cash and money market instruments; and other financial instruments such as structured products. The Fund may be subject to a limit on its investments in India. Where this is the case the Fund may invest in non-INR denominated fixed income securities or derivatives. The Fund may invest up to 100% in bonds issued by the Indian government and government-related entities. The Fund may invest up to 20% in cash and money market instruments. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds. 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	<b>SGD 6.61</b>
Performance 1 month	<b>-0.02%</b>
Yield to maturity	<b>7.17%</b>

#### Fund facts

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash / SRS (Supplementary Retirement Scheme)</b>
Dividend treatment	<b>Distributing</b>
Distribution Frequency	<b>Monthly</b>
Dividend ex-date	<b>27 March 2024</b>
Dividend annualised yield	<b>5.50%</b>
Last Paid Dividend	<b>0.029534</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>SGD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>30 June 2017</b>
Fund Size	<b>USD 801,073,698</b>
Managers	<b>Sanjay B Shah Fouad Mouadine William GOH</b>

#### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>SGD 1,000</b>
Maximum initial charge (SG)	<b>3.000%</b>
Management fee	<b>1.100%</b>

#### Codes

ISIN	<b>LU1560771351</b>
Bloomberg ticker	<b>HSIFAM3 LX</b>

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

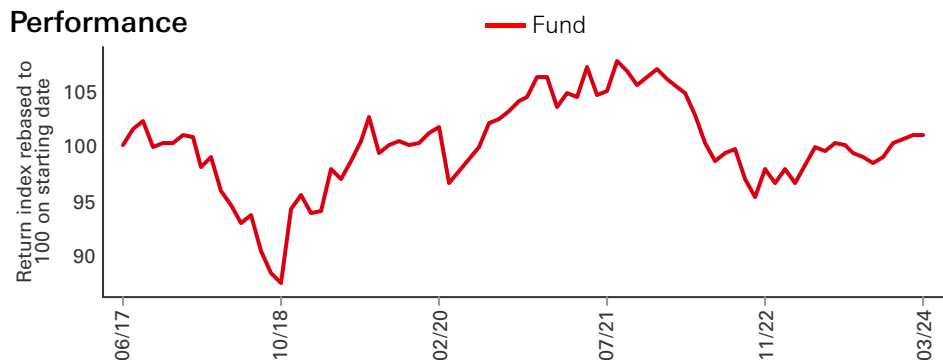
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark.

\*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 KID before making any final investment decisions.

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
<b>AM3OSGD</b>	<b>0.71</b>	<b>-0.02</b>	<b>0.71</b>	<b>2.10</b>	<b>2.77</b>	<b>-1.24</b>	<b>0.64</b>
AM3OSGD (Net)*	-2.22	-2.93	-2.22	-0.87	-0.22	-2.21	0.05

Calendar year performance (%)	2019	2020	2021	2022	2023
<b>AM3OSGD</b>	<b>5.10</b>	<b>6.16</b>	<b>0.59</b>	<b>-9.79</b>	<b>3.84</b>
AM3OSGD (Net)*	2.04	3.07	-2.34	-12.42	0.82

3-Year Risk Measures	AM3OSGD	Reference benchmark	5-Year Risk Measures	AM3OSGD	Reference benchmark
Volatility	4.88%	--	Volatility	5.35%	--
Sharpe ratio	-0.77	--	Sharpe ratio	-0.24	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	78	80	--
Average coupon rate	6.86	7.50	-0.65
Yield to worst	7.17%	7.46%	-0.29%
Yield to maturity	7.17%	7.46%	-0.29%
Current yield	6.85%	7.47%	-0.62%
OAD	5.91	5.19	0.72
Modified Duration to Worst	5.89	5.16	0.73
Average maturity	9.38	9.51	-0.14
Number of issuers	26	41	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
BBB	73.37	--	--	0-2 years	0.06	--	--
BB	2.36	--	--	2-5 years	0.84	--	--
NR	23.77	--	--	5-10 years	2.53	--	--
Cash	0.51	--	--	10+ years	2.48	--	--
				Cash	0.00	--	--
				<b>Total</b>	<b>5.91</b>	<b>--</b>	<b>--</b>

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

Sector Allocation (%)	Fund	Reference benchmark	Relative
Sovereign	64.42	--	--
Bank	11.59	--	--
Diversified Finan Serv	9.70	--	--
Regional(state/provnc)	6.50	--	--
Transportation	2.84	--	--
Oil & gas	2.50	--	--
Iron/Steel	0.91	--	--
Electric	0.39	--	--
Auto Manufacturers	0.31	--	--
Energy-Alternate Sources	0.19	--	--
Other Sectors	0.14	--	--
Cash	0.51	--	--

Top 10 Holdings	Weight (%)
INDIA GOVT BOND 7.180 24/07/37	10.70
INDIA GOVT BOND 7.300 19/06/53	7.02
INDIA GOVT BOND 7.260 22/08/32	5.72
INDIA GOVT BOND 7.170 17/04/30	5.43
INDIA GOVT BOND 7.260 06/02/33	4.97
INDIA GOVT BOND 6.540 17/01/32	4.77
INDIA GOVT BOND 7.100 18/04/29	4.65
INDIA GOVT BOND 7.260 14/01/29	4.60
INDIA GOVT BOND 7.060 10/04/28	4.25
INDIA GOVT BOND 7.180 14/08/33	4.19

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

## Monthly performance commentary

### Review

The Indian domestic bond market ended March higher amid the downward shift in the Indian sovereign yield curve over the month. February's headline CPI remained unchanged from January (y-o-y) and was in line with expectations. Sequential momentum also remained unchanged. Food and beverage inflation remained high and accelerated further on a y-o-y basis, which was led by sticky vegetable prices. Core inflation across all definitions remained below 4%, with core CPI (excluding food and fuel) decelerating both y-o-y and m-o-m. March's flash PMIs showed the manufacturing number continuing to increase while services slightly decreased. Both manufacturing and services PMIs are well into expansionary territory. Manufacturing output grew the fastest in three-and-a-half years due to efficiency gains and strong consumer demand. New orders accelerated for both manufacturing and services, with manufacturing new orders reaching a three-and-a-half year high. As output and new orders accelerated, backlog of work rose, and firms hired at the fastest pace in about 6 months. After weak industrial production (IP) numbers late last year, IP firmed in January for a second month. On a sequential basis it continued to grow, although at a slightly slower pace than December. Within this data, on a m-o-m basis, manufacturing continued to grow. Production of consumer goods showed divergence, with consumer durables continuing to grow likely due to auto production, whilst non-durables contracted, reflecting softer mass consumption. Capital goods and infra & construction goods grew in January, whilst basic goods contracted. The merchandise trade deficit widened in February, after narrowing for three months. This was largely due to a surge in gold imports. Non-oil exports continued to improve, whilst non-oil non-gold imports eased in February. This resulted in the trade deficit (excluding oil and gold) being the lowest in 30 months. Services exports also saw growth and has seen a reacceleration in the last three months. Although service imports have also accelerated in the last three months, net service exports still rose to record levels in February. The INR depreciated against the USD in March due to a short squeeze as well as the dollar remaining resilient amid some hawkish re-pricing of the Fed's rate cut schedule.

### Outlook

Indian bond yields moved modestly lower on the back of lower-than-expected government bond supply for the fiscal year 2025. The Indian rupee (INR) has weakened in sympathy with other Asian currencies but has continued to outperform most Asian currencies year to date. The disinflation trend persists, with moderation in core inflation in February while core CPI was unchanged from last month. From the latest Monetary Policy Committee (MPC) policy statement, the Reserve Bank of India (RBI) has shown confidence of meeting external financing requirements comfortably as India has seen the largest foreign portfolio inflows and continues to be the largest recipient of remittances. While markets have started considering the possibility of a more modest easing cycle following the FOMC guidance and resilient US economic data leading to higher US rates, Indian bond markets have been less volatile as demand from local investors and foreign portfolio investors (FPI) have been supporting Indian government bond prices. The lower gross borrowing announced in the Budget, strong FPI demand on the back of index inclusion as well as strategic allocations from global investors will continue to support the demand for Indian government bonds. While we do expect an easing cycle in India, the rate cut cycle will probably be a shallow one of a potential rate cut of only 50bps. With growth to remain buoyant, expectations of rate cuts have been pushed back.

Looking ahead, we believe the INR will be better supported than in the past with the current account coming more into balance while the RBI has been building up very strong levels of FX reserves to stabilise the currency. In near-term, the strength of the Indian economy, the consequent strong portfolio and direct inflows into markets and companies, have helped the INR resilience. These inflows should continue with the upcoming inclusion of Indian bonds in global indices, which means that tens of billions USD will be destined for the Indian market in the coming months. As India is one of the strongest growing major economies in the world, this provides ample opportunities for global investors, and further supports the currency.

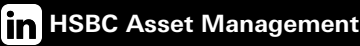
### Portfolio strategy

The fund returned positively in March. The fund benefited from its yield carry, and its duration exposure also helped lifting the returns amid the downward shifting Indian sovereign yield curve. On the other hand, the fund was dragged by the FX impact given the depreciation of the INR against the USD over the month due to a short squeeze as well as the dollar remaining resilient amid some hawkish re-pricing of the Fed's rate cut schedule. 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.

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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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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## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC USD	1.19	0.13	1.19	3.05	4.59	-0.42	1.39
AC USD (Net)*	-1.76	-2.78	-1.76	0.05	1.55	-1.40	0.79
ACSGD SGD	3.53	0.50	3.53	1.89	6.18	-0.27	1.32
ACSGD SGD (Net)*	0.52	-2.42	0.52	-1.07	3.09	-1.25	0.72
AD USD	1.20	0.14	1.20	3.05	4.59	-0.43	1.38
AD USD (Net)*	-1.75	-2.77	-1.75	0.05	1.55	-1.41	0.78
AM2 USD	1.19	0.14	1.19	3.06	4.59	-0.43	1.38
AM2 USD (Net)*	-1.76	-2.77	-1.76	0.06	1.55	-1.40	0.79
AM3OSGD SGD	0.71	-0.02	0.71	2.10	2.77	-1.24	0.64
AM3OSGD SGD (Net)*	-2.22	-2.93	-2.22	-0.87	-0.22	-2.21	0.05

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.  
\*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 31 March 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	27 March 2024	0.040576	7.56%
AM3OSGD	SGD	Monthly	27 March 2024	0.029534	5.50%

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	13.52	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.79	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	7.76	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	6.67	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	6.61	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 31 March 2024