

HSBC Global Investment Funds

GLOBAL EMERGING MARKETS LOCAL DEBT

Monthly report 31 March 2024 | Share class IC



Investment objective

The Fund aims to provide capital growth and income by investing in a portfolio of emerging market bonds (denominated in local currencies).



Investment strategy

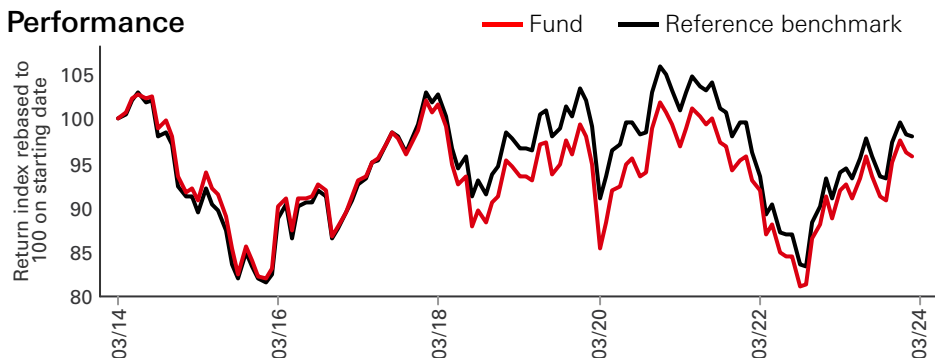
The Fund is actively managed. In normal market conditions, the Fund will primarily invest its assets in investment grade bonds and non-investment grade bonds issued by governments, government-related entities, supranational entities and companies that are based in emerging markets, as well as currency forwards and non-deliverable forwards. The Fund may invest up to 10% in onshore Chinese bonds which are issued within the People's Republic of China and traded on the China Interbank Bond Market. The Fund may invest up to 10% in convertible bonds, up to 10% in other funds and up to 10% in total return swaps. The Fund's primary currency exposure is to US dollars and currencies of other OECD (Organisation for Economic Co-operation and Development) countries. 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.

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.

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

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

For institutional and accredited investors use only. Not for further distribution.

Share Class Details

Key metrics

NAV per Share	USD 14.46
Performance 1 month	-0.15%
Yield to maturity	6.73%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	22 February 2008
Fund Size	USD 918,136,089
Reference benchmark	50% JP Morgan Emerging Local Market Index+ 50% JP Morgan Government Bond Index Emerging Market Global Diversified

Managers	Hugo Novaro Tadashi Sueyoshi
----------	---

Fees and expenses

Minimum initial investment (SG) ¹	USD 1,000,000
Maximum initial charge (SG)	3.100%
Management fee	0.625%

Codes

ISIN	LU0234594009
Bloomberg ticker	HGLEMIC LX

¹Please note that initial minimum subscription may vary across different distributors

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
IC	-1.89	-0.15	-1.89	4.83	4.13	-0.42	0.46
Reference benchmark	-1.62	-0.03	-1.62	4.95	4.46	-0.93	0.28

Calendar year performance (%)	2019	2020	2021	2022	2023
IC	8.69	2.48	-6.32	-7.53	10.64
Reference benchmark	9.29	2.30	-5.95	-9.39	10.58

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	8.66%	8.39%	Volatility	9.78%	8.87%
Sharpe ratio	-0.34	-0.41	Sharpe ratio	-0.16	-0.19
Tracking error	1.29%	--	Tracking error	1.59%	--
Information ratio	0.40	--	Information ratio	0.11	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	74	334	--
Average coupon rate	3.04	2.59	0.46
Yield to worst	6.73%	7.38%	-0.65%
OAD	2.66	2.52	0.14
Modified Duration to Worst	2.62	2.47	0.15
Option Adjusted Spread Duration	-0.06	0.00	-0.06
Average maturity	3.69	3.54	0.15
Rating average	A+/A	AA-/A+	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (%)	Fund	Reference benchmark	Relative
AAA	1.25	--	1.25	0-2 years	57.72	58.15	-0.43
AA	2.50	3.18	-0.68	2-5 years	12.16	15.91	-3.75
A	11.33	16.09	-4.75	5-10 years	14.79	15.40	-0.61
BBB	23.08	20.68	2.40	10+ years	15.33	10.53	4.79
BB	15.59	9.33	6.25				
B	0.41	0.43	-0.02				
NR	--	0.28	-0.28				
Cash	47.11	50.00	-2.89				
Cash Offset	-1.26	--	-1.26				

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.

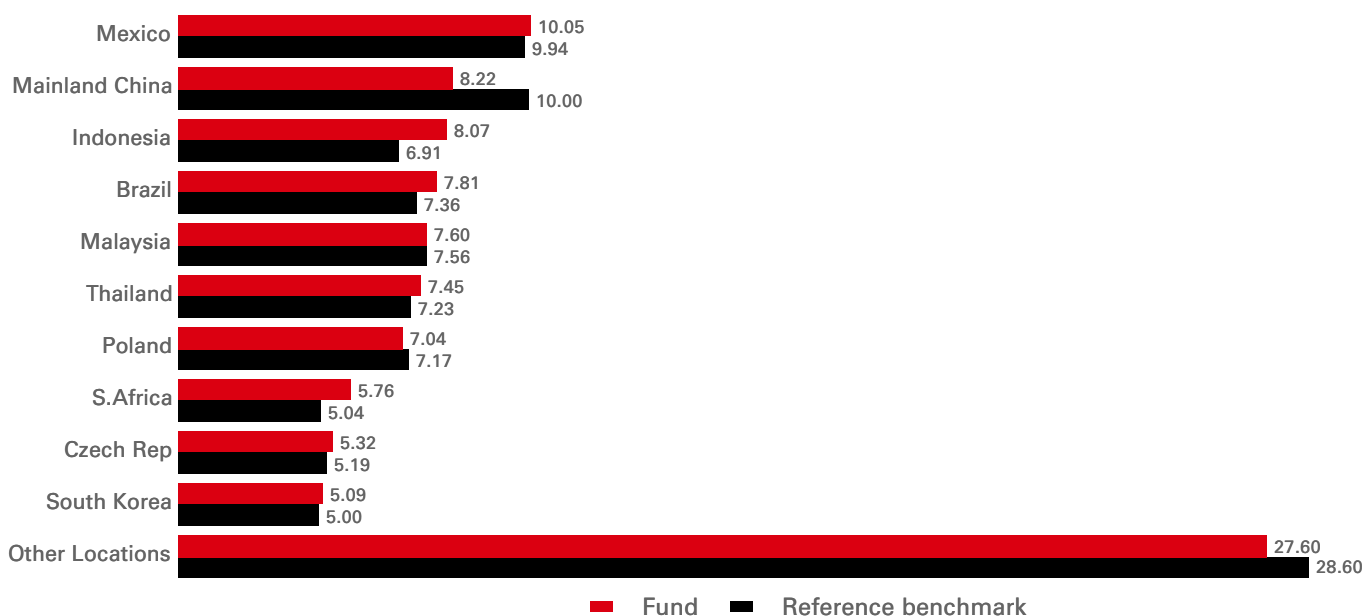
Performance numbers shown are before netting off sales / realisation charges.

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

For institutional and accredited investors use only. Not for further distribution.

Currency Allocation (%)	Fund	Reference benchmark	Relative
MXN	10.19	9.94	0.24
CNY	8.22	10.00	-1.77
IDR	8.07	6.91	1.16
MYR	7.60	7.56	0.04
THB	7.45	7.23	0.22
PLN	7.04	7.17	-0.13
BRL	6.78	7.36	-0.58
CZK	5.30	5.19	0.11
ZAR	5.14	5.04	0.10
KRW	5.09	5.00	0.09
Other Currencies	29.12	28.60	0.51

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Government	54.09	50.00	4.09
Over The counter	0.06	--	0.06
Cash	47.11	50.00	-2.89
Cash Offset	-1.26	--	-1.26

Top 10 Holdings	Weight (%)
BRAZIL-LTN 0.000 01/10/24	3.25
BRAZIL NTN-F 10.000 01/01/29	2.66
MEXICAN BONOS 8.500 18/11/38	2.52
BRAZIL-LTN 0.000 01/07/24	2.44
INDONESIA GOV'T 7.500 15/06/35	2.12
ROMANIA GOVT 5.800 26/07/27	2.02
MEXICAN BONOS 7.500 03/06/27	1.92
POLAND GOVT BOND 0.250 25/10/26	1.86
MEXICAN BONOS 5.000 06/03/25	1.82
REP SOUTH AFRICA 9.000 31/01/40	1.73

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

Monthly performance commentary

Market review

EMD assets showed mixed performance over the month. The main driver of hard currency returns was the further compression in spreads despite the market pricing fewer Fed cuts on the back of higher-than-expected inflation and record Q1 issuance. EM local debt returns were flat over the month as the USD and Treasuries were mainly unchanged after some monthly volatility. March performance was influenced by the FOMC and the updated DOTS plot which showed a repricing of Fed cuts. As expected, the Fed kept interest rates unchanged at the FOMC and came with a more dovish tone. EM central banks continue to be divergent, with additional countries signaling their willingness to jump ahead of the Fed. From a ratings standpoint, Panama was downgraded over the month on fiscal and growth concerns after the country closed a key copper mine last year, while countries such as Argentina, Ivory Coast and Qatar received an upgrade. On a technical standpoint, net new issuance in March was mixed with hard currency sovereign remaining robust and corporate bonds slowing down materially. Lastly, outflows in EMD grew deeper this month, with nearly two-thirds of the flows coming from local denominated funds.

Performance and Positioning

EM local assets were generally flat for the month of March as yields on local bonds and the USD moved higher as the global inflation rollover theme seemed to stalled and the market continued to question how many times the Fed can cut this year. The fund performed slightly underperformed the benchmark over the period. In terms of detractors, most of the negative relative performance came from idiosyncratic factors. The biggest idiosyncratic factor contributing to negative relative performance was the devaluation of the EGP over the month. The EGP FX forwards were largely pricing in this event, but excess residual onshore cash from bond liquidations that had been frozen onshore in an FX backlog detracted from relative returns. EM local rates generally underperformed 10yr UST this over the month, and the overweights to Czech Republic, Brazil, Mexico, and Indonesian rates slightly detracted from relative returns. In addition, the overweight to Peru rates added some negative active performance as the risks of a large pension withdrawal bill passing increased and market participants reacted by selling Soberanos putting the curve under pressure towards month end. Lastly, part of the seagull option structure detracted from relative returns. In terms of contributors, we had a tactical overweight to the 10yr US Treasuries which added to relative performance as the 10yr yields ended lower, despite a repricing of the front end. In addition, our short to TWD gave us some small positive relative performance as TWD spot moved higher with a stronger USD.

We maintained an overweight to beta during the month. Given our view, we remain constructive in select LatAm rates as inflation has come down and the central banks are cutting interest rates, while maintaining the underweights to THB and CNY rates. We maintained the small tactical EUR position, while using underweight to SGD and CNY as funding opportunities. We ended the month with an overweight to duration of 0.14 years compared to the benchmark, while slightly decreasing the overweight to EMFX over the month to a 3.0% overweight.

Outlook

Despite our general narrative that Emerging Market (EM) credit spreads can benefit from easing financial conditions as Federal Reserve rate cuts come into view, this has already re-priced EM sovereign and corporate markets into a 'euphoric' range year to date. The EMBI and CEMBI spread ranges now are below our most 'euphoric' targets for the year, even if we push ourselves to imagine an even lower possible range. At this point, it's difficult to see further spread compression -- although we remain cyclically very constructive and do not expect an imminent selloff. Within credit asset classes, the compression in EM high yield has been particularly sharp. Resolution of some longstanding sovereign defaults have contributed to this, but there have been fundamental improvements in many countries (Brazil and Turkey most notably) that contributed to underlying quality re-pricing. Although we still like high yield exposures, we prefer more idiosyncratic and less beta driven investments at the moment after the November-March rally. We have reduced our beta, as such, although not necessarily reduced our risk. Local markets remain our top trade, both in local rates where EM central banks have been ahead of the Fed and ECB in generating disinflation and policy normalization. However, we are approaching our target on these trades now in many countries. We have updated our local markets view with a refreshed target and composition of the duration basket to take account of most recent information. The enduring trade is EM FX, which has not benefited materially yet from EM growth outperformance, but we expect Fed and ECB rate cuts to accelerate the revaluation of EM currencies as we go through the year as they catch up with EM central banks. The BoJ is a wild card as Yen seems to be having some primary effect on relative currency valuations in EM of late. Latam currencies are our preferred region on balance of payments improvements and expected capital flows effects.

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.

Index Disclaimer

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2023, J.P. Morgan Chase & Co. All rights reserved.

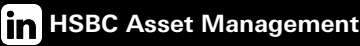
Benchmark disclosure

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 performance and 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

For institutional and accredited investors use only. Not for further distribution.

Follow us on:



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.

This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

This document is for information only and is not an advertisement, investment recommendation, research, or advice. Any views and opinions expressed are subject to change without notice. It does not have regard to the specific investment objectives, financial situation, or needs of any specific person. Investors and potential investors should not invest in the Fund solely based on the information provided in this document and should read the prospectus (including the risk warnings) and the product highlights sheets, which are available upon request at HSBC Global Asset Management (Singapore) Limited ("AMSG") or our authorised distributors, before investing. You should seek advice from a financial adviser. Investment involves risk. Past performance of the managers and the funds, and any forecasts on the economy, stock or bond market, or economic trends that are targeted by the funds, are not indicative of future performance. The value of the units of the funds and income accruing to them, if any, may fall or rise and investor may not get back the original sum invested. Changes in rates of currency exchange may affect significantly the value of the investment. AMSG has based this document on information obtained from sources it reasonably believes to be reliable. However, AMSG does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information.

This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether the investment is suitable for you. The offer or invitation of the Units, which is the subject of this document, does not relate to a collective investment scheme which is authorised by the MAS under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Units are not allowed to be offered to the retail public.

No document or material in connection with the offer or sale of the Units may be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the SFA, in accordance with the conditions specified in that section, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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.

HSBC Global Asset Management (Singapore) Limited

10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983

Telephone: (65) 6658 2900 Facsimile: (65) 6225 4324

Website: www.assetmanagement.hsbc.com/sg

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	-2.06	-0.20	-2.06	4.45	3.38	-1.14	-0.26
IC USD	-1.89	-0.15	-1.89	4.83	4.13	-0.42	0.46

Calendar year performance (%)	2019	2020	2021	2022	2023
AC USD	7.91	1.74	-6.99	-8.20	9.85
IC USD	8.69	2.48	-6.32	-7.53	10.64

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
IC	USD	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	30 August 2007	LU0234585437	USD	USD 5,000	12.83	1.250%	Accumulating
IC	22 February 2008	LU0234594009	USD	USD 1,000,000	14.46	0.625%	Accumulating

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.

Performance numbers shown are before netting off sales / realisation charges.

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

For institutional and accredited investors use only. Not for further distribution.