

**HSBC Global Investment Funds****EURO HIGH YIELD BOND**

Monthly report 31 March 2024 | Share class AC

**Investment objective**

The Fund aims to provide long term capital growth and income by investing in a portfolio of High Yield bonds (denominated in Euro), while promoting environmental, social and governance (ESG) characteristics. The Fund also aims to achieve a higher ESG rating than the weighted average of the constituents of its reference benchmark. The Fund qualifies under Article 8 of SFDR.

**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 non-investment grade bonds and other higher yielding securities (including unrated bonds), issued by companies or by governments, government-related entities, supranational entities, that are based in developed markets and emerging markets. The Fund will not invest in bonds issued by companies with involvement in specific excluded activities, such as: companies involved in the production of controversial weapons and tobacco; companies with more than 10% revenue generated from thermal coal extraction; and companies with more than 10% revenue generated from coal-fired power generation. The Fund may invest up to 15% in contingent convertible securities and up to 10% in other funds. The Fund's primary currency exposure is to Euro. 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>EUR 45.03</b>
Performance 1 month	<b>1.40%</b>
Yield to maturity	<b>5.17%</b>

**Fund facts**

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash</b>
Dividend treatment	<b>Accumulating</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>EUR</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>4 April 2003</b>
Fund Size	<b>EUR 754,063,228</b>
Reference benchmark	<b>100% ICE BofA Euro High Yield BB-B Constrained (net of transaction costs)</b>
Managers	<b>Philippe Igigabel Sophie Sentilhes</b>

**Fees and expenses**

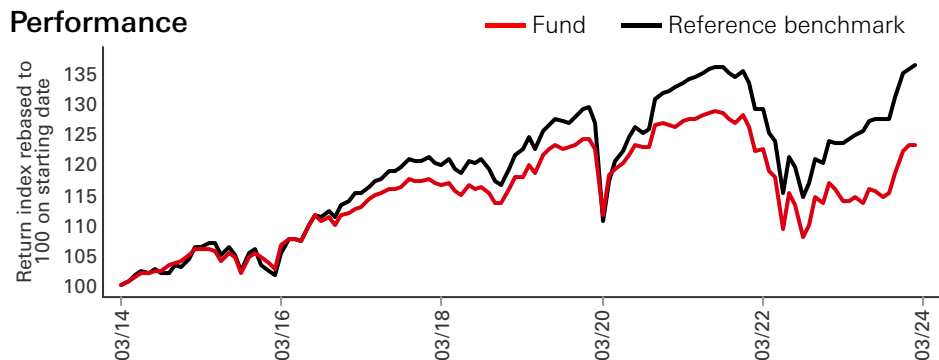
Minimum initial investment (SG) <sup>1</sup>	<b>USD 5,000</b>
Maximum initial charge (SG)	<b>3.100%</b>
Management fee	<b>1.100%</b>

**Codes**

ISIN	<b>LU0165128348</b>
Bloomberg ticker	<b>HSBECUA LX</b>

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

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	2.23	1.40	2.23	8.90	9.62	-0.62	1.15
Reference benchmark	1.60	0.60	1.60	7.44	11.02	0.91	2.24

Calendar year performance (%)	2019	2020	2021	2022	2023
AC	9.18	2.20	0.92	-11.08	7.31
Reference benchmark	10.71	1.92	2.85	-11.33	12.29

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	161.41	144.33	Fund	7.6	7.7	5.6	6.1
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO <sub>2</sub> e/USD million) Source of analytics: Trucost			Reference benchmark	6.0	6.7	4.8	5.3

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	7.97%	7.39%	Volatility	8.10%	9.05%
Sharpe ratio	-0.24	-0.05	Sharpe ratio	0.07	0.18
Tracking error	1.85%	--	Tracking error	2.64%	--
Information ratio	-0.82	--	Information ratio	-0.41	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	123	629	--
Yield to worst	4.78%	5.61%	-0.83%
Yield to maturity	5.17%	5.92%	-0.76%
OAD	2.70	2.77	-0.08
Modified Duration to Worst	2.73	2.92	-0.20
Option Adjusted Spread Duration	3.48	3.02	0.46
Average maturity	4.47	3.29	1.17
Rating average	BBB-/BB+	BB/BB-	--
Minimum rating	BBB-/BB+	BB/BB-	--
Number of issuers	88	322	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
AA	1.14	--	1.14	0-2 years	0.25	0.27	-0.01
A	8.86	--	8.86	2-5 years	1.25	1.95	-0.71
BBB	31.38	2.39	28.99	5-10 years	0.87	0.53	0.34
BB	53.93	62.40	-8.47	10+ years	0.33	0.02	0.30
B	4.14	31.70	-27.57	<b>Total</b>	<b>2.70</b>	<b>2.77</b>	<b>-0.08</b>
CCC	0.18	3.25	-3.08				
C	0.27	--	0.27				

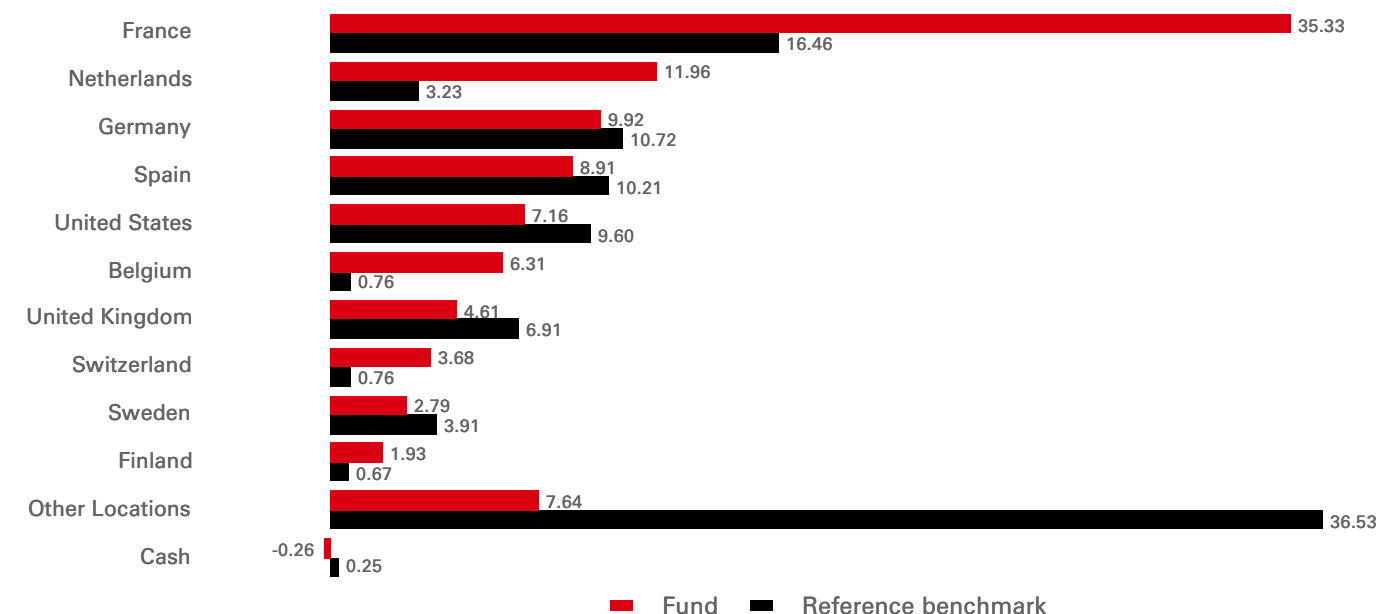
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark.

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

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

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## Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	22.69	12.44	10.25
Utility	12.47	4.68	7.79
Telecommunications	10.09	13.91	-3.82
Insurance	8.13	0.43	7.70
Basic Industry	6.95	9.20	-2.26
Automotive	6.88	9.90	-3.02
Energy	5.62	4.63	0.99
Transportation	4.55	3.61	0.93
Real Estate	4.12	3.68	0.44
Technology & electronics	3.50	3.49	0.01
Other Sectors	15.25	33.77	-18.52
Cash	-0.26	0.25	-0.51

Top 10 Holdings	Weight (%)
VEOLIA ENVRNMT 2.500	3.41
TOTALENERGIES SE 1.750	3.32
TENNET HLD BV 2.995	3.09
ORANGE 5.000	2.25
HOLCIM FINANCE L 3.000	2.17
RCI BANQUE 2.625 18/02/30	2.15
LA POSTE SA 3.125	2.15
KBC GROUP NV 4.250	2.10
AXA SA 3.941	1.92
VODAFONE GROUP 2.625 27/08/80	1.83

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

## Monthly performance commentary

The Euro High Yield market posted a steady +0.63% performance in March. Spreads widened by a slight 6bps but this was more than offset by the decrease of government bond yields so that in total yields decreased by 5bps. This concludes a very positive quarter for risky assets in general and the Euro High Yield market in particular. This rally has driven spreads close to their recent tights of early 2020 and mid 2021 which leaves investors more dependent on carry for future returns.

The steady March performance, achieved in a context of low volatility, was all the more impressive that idiosyncratic risk made a remarkable comeback. In less than 10 days no less than 3 large issuers (Intrum, Altice France and Ardagh) unexpectedly announced that they had hired consultants specialized in debt restructurings. It is noteworthy that these negative events only triggered very limited contagion: a few other highly leveraged names weakened somewhat but that was it.

These developments, coupled with the quite tight levels reached by market spreads, make us cautious (and very underweight) toward the lower-rated issuers. The 3 issuers mentioned above had accumulated large amounts of debt during the era of very low yields. It now appears that these balance sheets can become unsustainable at the current much higher yields, especially for issuers active in industries with heavy capital expenditure needs.

During the month we again reduced our exposure to the single B category. It has now reached a very low 4% level. By contrast we continue to see value in subordinated bonds in general and subordinated financials in particular: for example, we increased our exposure to the insurance sector, buying NN Group on the primary market and ASR Nederland on the secondary. Our market exposure, measured by the credit beta, stands at a relatively low 0.8 level at the end of the month.

## 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.
- 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 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**

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## 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.

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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 EUR	2.23	1.40	2.23	8.90	9.62	-0.62	1.15
ACHCAD CAD	--	--	--	--	--	--	--
ACHUSD USD	2.58	1.51	2.58	9.75	11.50	1.11	2.96
AD EUR	2.23	1.40	2.23	8.90	9.62	-0.61	1.15
AM2 EUR	2.23	1.39	2.23	8.89	9.61	-0.62	1.15
IC EUR	2.38	1.45	2.38	9.22	10.27	-0.02	1.76

Calendar year performance (%)	2019	2020	2021	2022	2023
AC EUR	9.18	2.20	0.92	-11.08	7.31
ACHCAD CAD	--	--	--	--	--
ACHUSD USD	12.31	3.65	1.73	-9.10	9.50
AD EUR	9.17	2.21	0.92	-11.06	7.30
AM2 EUR	9.18	2.20	0.92	-11.08	7.31
IC EUR	9.84	2.82	1.53	-10.54	7.95

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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	EUR	--	--	--	--
ACHCAD	CAD	--	--	--	--
ACHUSD	USD	--	--	--	--
AD	EUR	Annually	31 May 2023	0.559618	2.86%
AM2	EUR	Monthly	27 March 2024	0.047092	6.12%
IC	EUR	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	4 April 2003	LU0165128348	EUR	USD 5,000	45.03	1.100%	Accumulating
ACHCAD	28 October 2016	LU0871577259	CAD	USD 5,000	11.17	1.100%	Accumulating
ACHUSD	9 September 2015	LU0871577416	USD	USD 5,000	13.91	1.100%	Accumulating
AD	16 December 2003	LU0165128421	EUR	USD 5,000	21.35	1.100%	Distributing
AM2	20 March 2014	LU0871576368	EUR	USD 5,000	9.49	1.100%	Distributing
IC	4 April 2003	LU0165129072	EUR	USD 1,000,000	51.46	0.550%	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.

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 + (dividend amount / 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

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