

HSBC Global Investment Funds

RMB FIXED INCOME

Monthly report 30 November 2023 | Share class IC



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of China Renminbi (RMB) bonds.



Investment strategy

The Fund is actively managed.

In normal market conditions, the Fund will primarily invest its assets in offshore (i.e. issued outside of the People's Republic of China, PRC) and onshore (i.e. issued within the PRC and traded on the China Interbank Bond Market) RMB denominated bonds.

The Fund may invest in investment grade bonds, non-investment grade bonds and unrated bonds issued by government, government-related entities, supranational entities and companies.

The Fund may invest up to 100% in onshore Chinese bonds and up to 10% in bonds which are rated below investment grade (BB+ or below, as assigned by a local credit rating agency in PRC), or which are unrated.

The Fund may also invest up to 10% in cash and money market instruments and up to 10% in other funds.

The Fund may invest up to 10% in convertible bonds and up to 10% in contingent convertible bonds.

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 **USD 13.14**

Performance 1 month **3.53%**

Yield to maturity **3.56%**

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 **25 October 2011**

Fund Size **USD 260,877,956**

Reference benchmark **100% Offshore Renminbi Overnight Deposit Rate**

Managers **Ming Leap Alfred Mui**

Fees and expenses

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

Maximum initial charge (SG) **3.100%**

Management fee **0.375%**

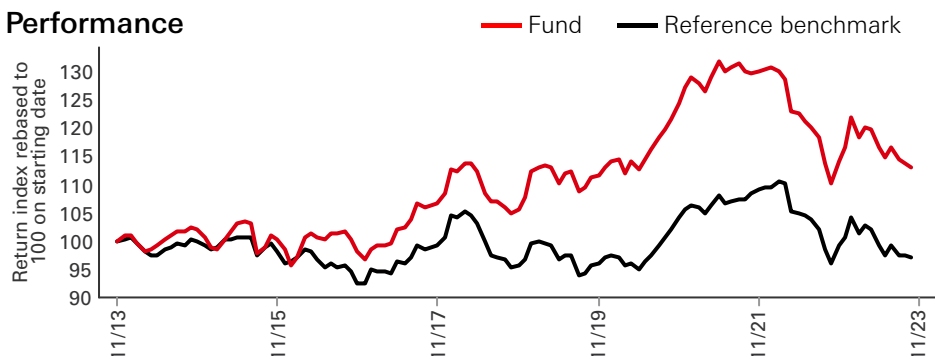
Codes

ISIN **LU0692310807**

Bloomberg ticker **HSRFIUA LX**

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

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 KIID before making any final investment decisions.

Source: HSBC Asset Management, data as at 30 November 2023

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Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
IC	0.45	3.53	2.22	0.56	2.68	-1.94	2.08
Reference benchmark	-0.70	3.04	2.54	0.78	0.76	-1.27	0.87

Calendar year performance (%)	2018	2019	2020	2021	2022
IC	-0.63	4.97	12.28	2.70	-10.56
Reference benchmark	-3.90	0.28	8.52	3.83	-7.91

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	6.95%	6.26%	Volatility	6.57%	5.80%
Sharpe ratio	-0.56	-0.52	Sharpe ratio	0.04	-0.17
Tracking error	2.02%	--	Tracking error	2.03%	--
Information ratio	-0.33	--	Information ratio	0.60	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	136	0	--
Yield to worst	3.50%	0.00%	3.50%
Yield to maturity	3.56%	0.00%	3.56%
OAD	4.12	0.00	4.11
Modified Duration to Worst	4.05	0.00	4.05
Option Adjusted Spread Duration	4.16	0.00	4.16
Average maturity	4.99	0.00	4.99
Rating average	A+/A	AAA	--
Number of issuers	74	1	--

Credit rating (%)	Fund	Reference benchmark	Relative	Region allocation (%)	Fund	Reference benchmark	Relative
AA	18.80	--	--	Other CNH Bonds	51.93	--	--
A	64.69	--	--	Mainland China CNY	38.34	--	--
BBB	11.35	--	--	Mainland China USD	4.33	--	--
BB	1.69	--	--	Mainland China CNH	3.35	--	--
B	0.86	--	--	Other USD Bonds	2.16	--	--
CCC	0.06	--	--	Cash	-0.11	--	--
NR	2.65	--	--				
Cash	-0.11	--	--				

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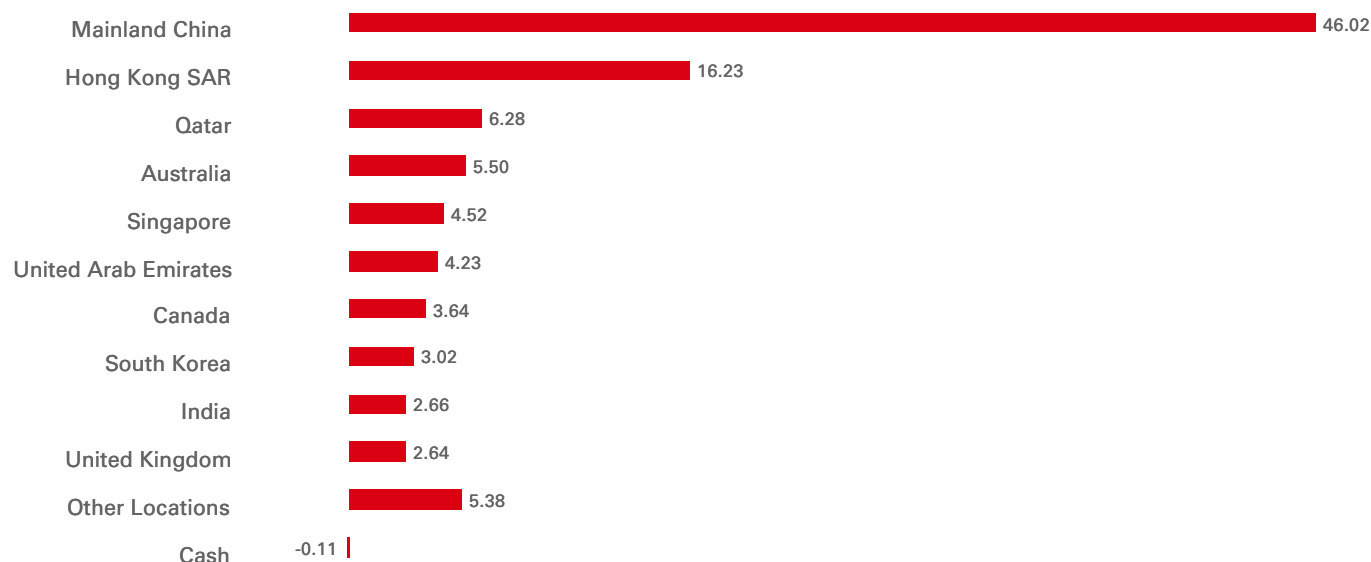
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Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
0-2 years	0.38	--	--
2-5 years	1.25	--	--
5-10 years	1.39	--	--
10+ years	1.11	--	--
Total	4.12	--	--

Geographical Allocation (%)



■ Fund ■ Reference benchmark

Sector Allocation (%)	Fund	Reference benchmark	Relative
Banks	54.23	--	--
Government	23.12	--	--
Real Estate	10.41	--	--
Industrial	2.37	--	--
Reits	2.00	--	--
Consumer Cyclical	1.98	--	--
Diversified Finan serv	1.85	--	--
Utilities	1.75	--	--
Investment Companies	0.75	--	--
Communications	0.67	--	--
Other Sectors	0.98	--	--
Cash	-0.11	--	--

Top 10 Holdings	Weight (%)
CHINA GOVT BOND 3.320 15/04/52	4.05
UNITED OVERSEAS 4.500 06/04/32	2.77
EX-IM BK IN/LNDN 3.450 25/06/26	2.66
AGRICUL DEV BANK 3.790 26/10/30	2.57
QNB FINANCE LTD 3.150 04/02/26	2.55
EXP-IMP BK CHINA 3.380 16/07/31	2.48
CHINA DEV BANK 4.040 06/07/28	2.43
BANK OF MONTREAL 3.850 17/06/25	2.20
AGRICUL DEV BANK 2.970 14/10/32	2.12
LINK FIN CAYM 09 3.250 27/10/24	2.00

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

Monthly performance commentary

Review

Onshore RMB bonds returned slightly positively in local terms amid the flattening China sovereign curve and returned positively in USD terms given the strengthening RMB against the USD over the month. Meanwhile, offshore RMB bonds returned slightly positively. China NBS PMI reading showed that the recovery momentum eased again in November. Services activity contracted for the first time since last year, weighed on by the property sector, but construction activity revived on more policy support. External factors such as weak global demand have dampened manufacturing activity. That said, domestic production continued to expand while business expectations also picked up. Headline CPI inflation was down YoY terms, a touch lower than consensus expectations, due in large part to a sharper decline in food prices. Core CPI inflation eased YoY while staying steady MoM, highlighting still relatively stable domestic consumption. Services consumption remained a leading force for the recovery this year. Offline activities such as entertainment and tourism continued to see relatively buoyant prices. Meanwhile, PPI deflation deepened YoY as global commodity prices dropped. On trade figures, exports grew YoY, the first rise since April, but largely helped by a low base, while global demand showed a mixed picture. Imports fell back to contraction, falling below expectations, as demand for commodities softened on the back of ongoing weakness in the property sector and easing of some policy impact. This has resulted a rise in trade surplus. As for currency, the RMB appreciated against the USD in November amid the Fed's dovish tilt and weaker US data and strengthened against most of the EM peers over the month.

Portfolio strategy

The fund returned positively in November. The fund benefited the most from its FX exposure as the RMB appreciated against the USD in light of the Fed's dovish tilt and weaker US data. The fund's credit exposure also contributed positively to the performance, mainly from stronger China property developers given some positive headlines, as well as from India policy banks and financials. Also, the fund's duration exposure added value amid a flattening sovereign yield curve as growth outlook remains challenging with expectation of more stimulus policies. Elsewhere, the fund's yield carry help lifting the returns. Over the month, we reduced exposure to Qatar banks, China property and Korea consumer, while adding exposure to China and Korea quasi-sovereigns. In terms of sector positioning, we have preference in China sovereigns and quasi-sovereigns as well as Hong Kong property. We retain our preference for high quality short-dated credit, including geographically diversified names from various sectors. The fund has a majority of its bond holdings in RMB denominated bonds with preference of offshore over onshore bonds, while maintaining some exposure to USD denominated bonds.

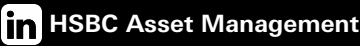
Outlook

In November, People Bank of China (PBoC) has injected RMB600bn via Medium-Term Lending Facility (MLF) rollover to ease the market concerns on liquidity tightness. There was a rally in RMB due to improved market sentiment as we have seen some signs of a stabilizing Chinese economy along with softer US economic data anchoring the Fed's pause in policy tightening. The news of authorities drafting a whitelist of 50 property firms eligible for priority funding also helped to lift sentiment on the property sector. In our view, the 10-year China government bond (CGB) yields should remain low given the PBoC's monetary easing bias. Overall, China is back on track to achieve its 5% growth target for this year, and there is growing expectation of the PBoC on supportive monetary policy via RRR (Reserve Requirement Ratio) cut while staying committed to defend the RMB weakness. We expect the currency to be stable in near-term due to the narrowing yield differentials between the US and China government bonds. The upcoming annual Central Economic Work Conference in mid-December should bring a greater clarity on the economic, fiscal, and monetary policy directions for next year. The RMB could extend its recovery should there be more pro-growth support measures from the authorities.

Risk Disclosure

- The Fund may be concentrated in a limited number of securities, economic sectors and/or countries and as a result, may be more volatile and have a greater risk of loss than more broadly diversified funds.
- 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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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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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.

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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	0.06	3.50	2.12	0.35	2.24	-2.36	1.65
ACOSGD SGD	-1.45	3.33	1.63	-0.58	0.68	-3.09	0.95
ACRMB CNY	2.38	0.85	-0.12	0.72	2.08	0.28	2.19
AD USD	0.07	3.50	2.11	0.34	2.26	-2.36	1.65
AM2 USD	0.07	3.50	2.12	0.36	2.26	-2.36	1.65
AM2RMB CNY	2.38	0.84	-0.12	0.72	2.08	--	--
AM3OSGD SGD	-1.49	3.32	1.63	-0.61	0.64	-3.10	0.88
IC USD	0.45	3.53	2.22	0.56	2.68	-1.94	2.08
IM2 USD	--	--	--	--	--	--	--

Calendar year performance (%)	2018	2019	2020	2021	2022
AC USD	-1.06	4.53	11.80	2.27	-10.95
ACOSGD SGD	--	3.89	11.22	2.07	-11.40
ACRMB CNY	4.32	6.05	4.97	-0.33	-2.62
AD USD	-1.04	4.53	11.78	2.27	-10.95
AM2 USD	-1.05	4.53	11.79	2.27	-10.94
AM2RMB CNY	--	--	--	-0.33	-2.60
AM3OSGD SGD	-2.12	3.63	11.12	2.05	-11.37
IC USD	-0.63	4.97	12.28	2.70	-10.56
IM2 USD	--	--	--	--	--

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Source: HSBC Asset Management, data as at 30 November 2023

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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	USD	--	--	--	--
ACOSGD	SGD	--	--	--	--
ACRMB	CNY	--	--	--	--
AD	USD	Annually	31 May 2023	0.242366	2.74%
AM2	USD	Monthly	30 November 2023	0.027812	3.99%
AM2RMB	CNY	Monthly	30 November 2023	0.028614	3.99%
AM3OSGD	SGD	Monthly	30 November 2023	0.015095	2.12%
IC	USD	--	--	--	--
IM2	USD	Monthly	30 September 2022	0.032854	4.74%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	25 October 2011	LU0692309627	USD	USD 5,000	12.48	0.750%	Accumulating
ACOSGD	28 February 2018	LU1560771518	SGD	USD 5,000	9.77	0.750%	Accumulating
ACRMB	25 November 2011	LU0692311524	CNY	USD 5,000	13.87	0.750%	Accumulating
AD	3 November 2011	LU0692309460	USD	USD 5,000	8.87	0.750%	Distributing
AM2	30 June 2017	LU1560771435	USD	USD 5,000	8.55	0.750%	Distributing
AM2RMB	16 December 2020	LU2265249321	CNY	USD 5,000	8.77	0.750%	Distributing
AM3OSGD	30 June 2017	LU1560771609	SGD	USD 5,000	8.42	0.750%	Distributing
IC	25 October 2011	LU0692310807	USD	USD 1,000,000	13.14	0.375%	Accumulating
IM2	30 November 2021	LU2294166850	USD	USD 1,000,000	8.42	0.375%	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 30 November 2023

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