

## HSBC Global Investment Funds

# GLOBAL HIGH INCOME BOND

Monthly report 31 December 2023 | Share class IC



### Investment objective

The Fund aims to provide income by investing in a portfolio of higher yielding bonds, while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.



### Investment strategy

The Fund is actively managed. The Fund may invest in investment grade rated and high yield bonds, Asian and Emerging Market debt instruments and may invest in bonds issued by governments, government agencies in developed and emerging markets. The Fund's asset allocation is managed with regard to the following neutral positions: 25% USD Emerging Market bonds, 17.5% US based investment grade corporate bonds, 17.5% US based high yield bonds, 15% Euro denominated investment grade corporate bonds hedged to USD, 15% Euro denominated high yield bonds hedged to USD, 10% Global Securitised. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process. The Fund will not invest in bonds issued by companies with involvement in specific excluded activities, such as, tobacco and controversial weapons. The Fund may invest up to 10% in onshore Chinese bonds, up to 10% in convertible bonds, up to 10% in contingent convertible securities and up to 20% in asset backed securities and mortgage-backed securities. 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>USD 13.85</b>
Performance 1 month	<b>3.72%</b>
Yield to maturity	<b>6.89%</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>USD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>12 October 2012</b>
Fund Size	<b>USD 738,075,995</b>
Reference benchmark	<b>100% Bloomberg Global Aggregate Corporate Bond Index USD Hedged</b>

Managers	<b>Jerry Samet Ricky Liu Andrew John Jackson Jaymeson Paul Kumm Jean Olivier Neyrat</b>
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#### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000,000</b>
Maximum initial charge (SG)	<b>3.100%</b>
Management fee	<b>0.625%</b>

#### Codes

ISIN	<b>LU0524292264</b>
Bloomberg ticker	<b>HGHINIU 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.**

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

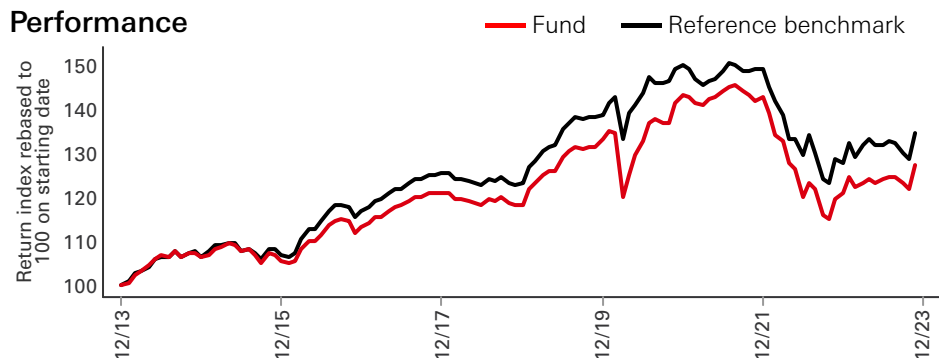
**This is a marketing communication. Please refer to the prospectus and to the KIID before making any final investment decisions.**

**Reference Performance Benchmark: Bloomberg Barclays Global Aggregate Corporate USD Hedged since 1 Sep 2019. Prior to that, was 35% Bloomberg Barclays USD Emerging Markets 20% Bloomberg Barclays US Aggregate Corporate Baa 15% Bloomberg Barclays US High Yield Ba 15% Bloomberg Barclays Euro Aggregate Corporate Baa Hedged USD 15% Bloomberg Barclays Euro High Yield BB Hedged USD.**

**Source: HSBC Asset Management, data as at 31 December 2023**

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## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
IC	9.02	3.72	6.97	6.36	9.02	-2.73	2.23
Reference benchmark	9.10	3.81	7.53	5.79	9.10	-2.40	2.49

Calendar year performance (%)	2019	2020	2021	2022	2023
IC	12.84	7.51	-0.47	-15.19	9.02
Reference benchmark	12.38	8.26	-0.79	-14.11	9.10

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	7.46%	7.64%	Volatility	8.57%	7.56%
Sharpe ratio	-0.65	-0.59	Sharpe ratio	0.04	0.08
Tracking error	2.89%	--	Tracking error	3.35%	--
Information ratio	-0.11	--	Information ratio	-0.08	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	583	15,909	--
Average coupon rate	4.84	3.63	1.22
Yield to worst	6.73%	4.69%	2.04%
OAD	4.85	6.05	-1.20
Modified Duration to Worst	4.94	6.04	-1.10
Option Adjusted Spread Duration	4.50	6.14	-1.63
Average maturity	6.98	8.60	-1.62
Rating average	BBB/BBB-	A-/BBB+	--
Number of issuers	350	2103	--

Credit rating (%)	Fund	Reference benchmark	Relative	Asset allocation (%)	Fund	Reference benchmark	Relative
AAA	0.93	0.91	0.03	USD Corporates	32.53	63.76	-31.22
AA	6.74	7.83	-1.09	EUR Corporates	26.62	23.49	3.13
A	11.37	43.26	-31.89	EMD	22.43	3.66	18.78
BBB	40.63	48.00	-7.38	ABS	8.25	0.01	8.25
BB	25.58	--	25.58	US Treasuries	4.41	--	4.41
B	7.45	--	7.45	Others	0.37	9.09	-8.72
CCC	1.48	--	1.48	Cash	5.38	--	5.38
CC	0.10	--	0.10				
C	0.07	--	0.07				
D	0.18	--	0.18				
NR	0.09	--	0.09				
Cash	5.38	--	5.38				

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.

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Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative	Currency Allocation (%)	Fund	Reference benchmark	Relative
0-2 years	0.29	0.17	0.13	USD	98.96	100.00	-1.04
2-5 years	1.29	1.06	0.23	EUR	0.98	--	0.98
5-10 years	1.51	1.73	-0.22	GBP	0.05	--	0.05
10+ years	1.75	3.08	-1.33	AUD	0.01	--	0.01
<b>Total</b>	<b>4.85</b>	<b>6.05</b>	<b>-1.20</b>	SGD	0.00	--	0.00
				HKD	0.00	--	0.00
				ZAR	0.00	--	0.00
				CAD	0.00	--	0.00

#### Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial	26.49	39.09	-12.60
Government	15.24	0.01	15.23
Energy	9.90	5.94	3.96
Consumer Non cyclical	7.57	16.04	-8.47
Communications	7.27	8.11	-0.85
Utilities	5.54	8.66	-3.12
Basic Materials	4.36	2.69	1.67
Industrial	4.35	7.02	-2.67
Mortgage Securities	4.14	--	4.14
Asset Backed Securities	4.03	--	4.03
Other Sectors	5.73	12.44	-6.72
Cash	5.38	--	5.38

Top 10 Holdings	Weight (%)
CCO HOLDINGS LLC 7.375 01/03/31	0.91
IQVIA INC 5.700 15/05/28	0.75
VENTURE GLOBAL L 8.375 01/06/31	0.67
CRED SUIS NY 3.625 09/09/24	0.66
US TREASURY N/B 2.750 15/08/32	0.66
LABL INC 9.500 01/11/28	0.65
INTESA SANPAOLO 3.875 14/07/27	0.63
UNTD AIR 20-1 A 5.875 15/10/27	0.62
NOVA CHEMICALS 8.500 15/11/28	0.61
ALLIANZ SE 3.375	0.59

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

## Monthly performance commentary

December ended 2023 with the continued risk asset rally which saw markets finish close to historical highs in a year that started off with volatility, weak sentiment, and negative returns. Following the banking crisis in March which saw risk assets sell off, markets seesawed somewhat as they focused on inflation concerns and debt ceiling anxiety. This gave way to more optimistic sentiment in the second half of the year as inflation concerns began to subside and the expectations for a soft-landing and potential rate cuts in 2024 became the dominant market narrative. Credit markets delivered another month of positive total return in December driving YTD returns to impressive levels given how they started the year. Monthly supply volume in IG issuance came in at \$22.2 billion, in a seasonally slow month of December for a YTD total of \$1,450.6 billion, marginally higher than 2022. HY saw \$12.6 billion issued for a YTD total of \$176.5 billion, a 73% increase from 2022. US Treasuries yields moved lower again in December, falling across the curve with the 2, 5, 10 and 30 year yields moving -43, -42, -45 and -47 basis points to finish the year at 4.25%, 3.85%, 3.88% and 4.03% respectively. Over the course of the year the curve saw a modest normalization with the 2 and 5 year having fallen 18 and 16 bps respectively while the 10 year was flat and the 30 year rose by 7 bps. In this context the strategy delivered positive performance on an absolute basis gross of fees.

December saw positive total returns from all segments of the portfolio. EMD was the best performing segment on an asset class basis followed by US Credit. Securitized Credit was the weakest performer over the month followed by Euro Credit. US Credit saw the largest outperformance vs its investment universe followed by Euro Credit while Securitized Credit had the weakest relative performance followed by EMD.

The fund is invested predominantly in corporate BBB and BB credit and with an allocation to sovereigns at 15% and structured credit at 9%. From a credit perspective the fund has an average credit rating of BBB/BBB- with 65% investment grade which includes 5% cash and 35% below investment grade. Regionally, the strategy has exposure to US Credit 28%, EUR Credit 26%, EM 26% and Structured Credit 9%. The 3 top industry sector exposures are to financials, sovereigns and energy. High quality financials offer attractive valuations vs industrials while higher quality energy also looks attractive from a valuation perspective while the elevated exposure to sovereigns is because of our more defensive positioning in credit. The current portfolio duration is at 4.85 years on an option adjusted basis.

### Outlook

Starting off 2024, investors seem firmly convinced of a soft economic landing scenario with current spread levels remaining optimistically tight. On the other hand, markets are also expecting a significant number of rate cuts in 2024, starting as soon as March. Our view is that the global economy could slow more meaningfully than what markets are pricing, and we think its likely to occur in the first half of 2024. As a result, over the longer term we still expect that spreads are more likely to move wider in 2024 as we move towards a slowdown with more moderate inflation. In the short term, while we don't see any specific catalyst that would send spreads meaningfully wider, we do recognize the increased uncertainty which could lead to some short-term volatility in both rates and credit spreads. We continue to have a defensive bias but remain tactical with our positioning, taking advantage of short-term opportunities as they arise.

In global cross-over portfolios, while we continue to see longer term credit spread risk, the immediate threat of a recession seems to have eased. We had reduced HY credit hedges, increasing portfolio beta into the year-end rally. We continue to maintain attractive carry by taking advantage of the flat yield curve. Regionally allocations have remained largely unchanged over the month, while the overweight to duration decreased slightly vs the investment universe. We continue to take advantage of new issuance in the primary market, when possible, predominantly in higher quality paper.

## 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.

**Source: HSBC Asset Management, data as at 31 December 2023**

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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.

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HSBC Global Asset Management (Singapore) Limited

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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 SGD	6.50	2.46	3.21	3.32	6.50	-3.45	0.87
AC USD	8.28	3.66	6.79	6.00	8.28	-3.39	1.54
ACHCAD CAD	7.59	3.57	6.57	5.63	7.59	-3.74	1.06
ACHEUR EUR	5.89	3.49	6.27	4.96	5.89	-5.18	-0.54
ACHGBP GBP	7.45	3.60	6.62	5.75	7.45	-4.03	0.55
ACHSGD SGD	6.55	3.50	6.27	5.00	6.55	-4.08	0.81
ADHEUR EUR	5.88	3.48	6.26	4.96	5.88	-5.19	-0.54
AM2 SGD	6.50	2.46	3.20	3.32	6.50	-3.45	0.87
AM2 USD	8.28	3.67	6.78	6.00	8.28	-3.39	1.54
AM3HAUD AUD	6.57	3.54	6.34	5.14	6.57	-4.37	0.49
AM3HEUR EUR	5.90	3.49	6.27	4.96	5.90	-5.17	-0.53
AM3HRMB CNH	5.33	3.38	6.17	4.59	5.33	-3.35	1.88
AM3HSGD SGD	6.55	3.49	6.28	5.00	6.55	-4.07	0.82
IC USD	9.02	3.72	6.97	6.36	9.02	-2.73	2.23

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 December 2023

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## Supplemental information sheet

Calendar year performance (%)	2019	2020	2021	2022	2023
AC SGD	10.56	4.96	0.83	-16.19	6.50
AC USD	12.07	6.79	-1.15	-15.76	8.28
ACHCAD CAD	11.20	6.24	-1.30	-15.99	7.59
ACHEUR EUR	8.71	5.02	-2.10	-17.77	5.89
ACHGBP GBP	10.11	5.58	-1.43	-16.54	7.45
ACHSGD SGD	11.21	6.09	-1.28	-16.09	6.55
ADHEUR EUR	8.71	5.06	-2.10	-17.78	5.88
AM2 SGD	10.56	4.96	0.84	-16.20	6.50
AM2 USD	12.07	6.79	-1.15	-15.76	8.28
AM3HAUD AUD	10.86	5.67	-1.52	-16.67	6.57
AM3HEUR EUR	8.71	5.05	-2.10	-17.74	5.90
AM3HRMB CNH	12.31	8.24	1.37	-15.45	5.33
AM3HSGD SGD	11.21	6.13	-1.28	-16.08	6.55
IC USD	12.84	7.51	-0.47	-15.19	9.02

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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	--	--	--	--
ACHCAD	CAD	--	--	--	--
ACHEUR	EUR	--	--	--	--
ACHGBP	GBP	--	--	--	--
ACHSGD	SGD	--	--	--	--
ADHEUR	EUR	Annually	31 May 2023	0.190035	2.60%
AM2	USD	Monthly	28 December 2023	0.049346	7.55%
AM3HAUD	AUD	Monthly	28 December 2023	0.037339	6.28%
AM3HEUR	EUR	Monthly	28 December 2023	0.033502	5.65%
AM3HRMB	CNH	Monthly	28 December 2023	0.027725	4.38%
AM3HSGD	SGD	Monthly	28 December 2023	0.038026	5.68%
IC	USD	--	--	--	--

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 December 2023

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## Supplemental information sheet

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	28 July 2010	LU0524291613	USD	USD 5,000	15.71	1.250%	Accumulating
ACHCAD	7 November 2016	LU0871578497	CAD	USD 5,000	10.58	1.250%	Accumulating
ACHEUR	19 February 2013	LU0807188023	EUR	USD 5,000	10.39	1.250%	Accumulating
ACHGBP	28 October 2016	LU0871578570	GBP	USD 5,000	10.13	1.250%	Accumulating
ACHSGD	2 November 2011	LU0669553462	SGD	USD 5,000	14.17	1.250%	Accumulating
ADHEUR	20 June 2014	LU0807187991	EUR	USD 5,000	7.70	1.250%	Distributing
AM2	28 July 2010	LU0524291456	USD	USD 5,000	8.14	1.250%	Distributing
AM3HAUD	5 September 2012	LU0798789102	AUD	USD 5,000	7.36	1.250%	Distributing
AM3HEUR	13 September 2012	LU0798789284	EUR	USD 5,000	7.31	1.250%	Distributing
AM3HRMB	19 April 2018	LU1086681993	CNH	USD 5,000	7.76	1.250%	Distributing
AM3HSGD	25 October 2011	LU0669553546	SGD	USD 5,000	8.26	1.250%	Distributing
IC	12 October 2012	LU0524292264	USD	USD 1,000,000	13.85	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.**