

## HSBC Global Investment Funds

# INDIA 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 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>USD 14.17</b>
Performance 1 month	<b>0.84%</b>
Yield to maturity	<b>7.26%</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>20 August 2012</b>
Fund Size	<b>USD 747,404,062</b>
Managers	<b>Sanjay B Shah Fouad Mouadine William GOH</b>

#### Fees and expenses

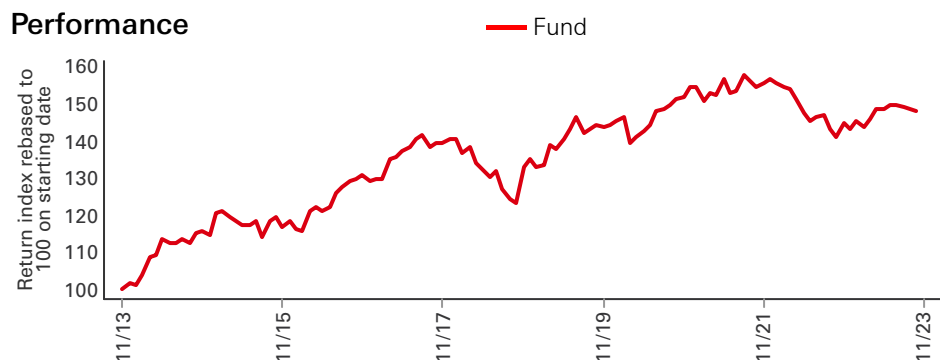
Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000,000</b>
Maximum initial charge (SG)	<b>3.100%</b>
Management fee	<b>0.550%</b>

#### Codes

ISIN	<b>LU0780248281</b>
Bloomberg ticker	<b>HSIFIU 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
IC	4.56	0.84	0.17	0.67	3.25	-0.52	2.33

Calendar year performance (%)	2018	2019	2020	2021	2022
IC	-3.92	6.66	7.42	1.43	-8.88

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	5.21%	--	Volatility	5.69%	--
Sharpe ratio	-0.47	--	Sharpe ratio	0.09	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	76	--	--
Average coupon rate	6.79	--	--
Yield to worst	7.26%	--	--
Yield to maturity	7.26%	--	--
Current yield	6.83%	--	--
OAD	4.91	--	--
Modified Duration to Worst	4.88	--	--
Average maturity	6.88	--	--
Number of issuers	24	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
BBB	74.59	--	--	0-2 years	0.06	--	--
BB	1.29	--	--	2-5 years	0.76	--	--
NR	22.82	--	--	5-10 years	2.99	--	--
Cash	1.30	--	--	10+ years	1.10	--	--
				Cash	0.00	--	--
				<b>Total</b>	<b>4.91</b>	<b>--</b>	<b>--</b>

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 30 November 2023

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Sector Allocation (%)	Fund	Reference benchmark	Relative
Sovereign	65.10	--	--
Bank	10.77	--	--
Diversified Finan Serv	10.49	--	--
Regional(state/provnc)	7.02	--	--
Transportation	2.65	--	--
Oil & gas	1.31	--	--
Iron/Steel	0.67	--	--
Electric	0.42	--	--
Auto Manufacturers	0.27	--	--
Cash	1.30	--	--

Top 10 Holdings	Weight (%)
INDIA GOVT BOND 7.180 24/07/37	6.86
INDIA GOVT BOND 7.260 22/08/32	6.11
INDIA GOVT BOND 7.170 08/01/28	5.76
INDIA GOVT BOND 7.170 17/04/30	5.63
INDIA GOVT BOND 6.540 17/01/32	5.09
INDIA GOVT BOND 7.260 14/01/29	4.94
INDIA GOVT BOND 7.100 18/04/29	4.81
INDIA GOVT BOND 7.260 06/02/33	4.50
INDIA GOVT BOND 7.180 14/08/33	4.07
INDIA GOVT BOND 7.060 10/04/28	4.02

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

## Monthly performance commentary

### Review

The Indian domestic bond market ended November higher amid the downward shift in Indian sovereign yield curve over the month. Meanwhile, corporate yield curve shifted upwards over the month. October CPI inflation eased slightly on YoY basis, but a tad higher than market expectations, came mainly from higher-than-expected cereal prices. That said, the price of pulses, fruits and spices also remained elevated in October, while vegetable prices were a mixed bag. Core inflation eased further across all definitions on an annual basis, while growing on a sequential basis, as clothing, footwear and healthcare reported a slight uptick. The September Index of Industrial Production rose YoY. On a sequential basis, however, the index contracted sharply after a small expansion in the previous month. The underlying momentum of the IP index continued to soften. Manufacturing remained particularly weak, contracting sequentially for the fourth straight month. Electricity moderated after a strong sequential uptick in August. Consumer goods output contracted on a sequential basis, with the sharper contraction in durables, though non-durables remained negative for a second month, indicative of a weak rural demand. Production of capital and infra goods continued to contract for the fourth month. The trade deficit widened sharply in October. Imports of commodities i.e. crude oil, precious metals, coal, other metals and minerals led the widening. Exports were weaker too, with low-tech exports (like textiles) fell sharply, while high-tech goods exports (like electronics) remained relatively buoyant, and services exports continued to rise. The July to September quarter GDP growth came in much higher than expected. Industrial growth zipped ahead, led by manufacturing and construction. On the other hand, services growth was softer than the previous quarter. Weaker FDI inflows, a likely softness in credit growth, and normalising base effects, over the next few months, could soften growth from these levels. The INR depreciated mildly against the USD in November due to some equity outflows on tactical profit taking and asset re-allocation from global investors.

### Portfolio strategy

The fund returned positively in November. The fund's duration exposure contributed positively to the returns given the downward shifting sovereign yield curve as inflation continued to trend downwards. Meanwhile, FX exposure detracted slightly given the minor depreciation of the INR against the USD over the month due to some equity outflows on tactical profit taking and asset re-allocation from global investors. The fund's credit exposure also contributed negatively, mainly from India sovereigns. On the positives, yield carry continued to lift the returns. In terms of the fund's strategy, we are neutral duration as a view given the pause in rate hike by the RBI. We continue to prefer government bonds over corporates that currently have tight spreads, favouring 5 - 14 year tenor for better risk-reward. 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 higher UST yields.


### Outlook

The 10-year Indian government bond yields have declined in sympathy with the falling global bond yields amid softer US economic data. Despite seeing some correction with Indian bond yields moving higher last month amidst volatile global rates backdrop and overhang of potential open market operation (OMO) sales, the Indian bond market has generally been less volatile relative to global bond markets. The confirmation of index inclusion of India government bonds has cushioned the impact of global market volatility to certain extent. With the benefit of low correlation with other major bond markets, Indian bonds should continue to offer diversification benefits for global bond investors. On the economic front, although there is still upside risks to high inflation due to adverse weather patterns leading to elevated food prices, the various fiscal and trade policy measures to mitigate volatile food prices have been effective, bringing down inflation in October from the high level in July. We expect inflation to ease further to fall within Reserve Bank of India's (RBI)'s 2-6% target range over the course of 2024. We believe that the Indian policy rates have peaked and the mounting risk of global slowdown would allow the RBI to take an accommodative stance next year. Overall, the cooling inflation, peaking of the policy rate alongside rate cut expectations in 2024 are supportive for India bonds.

## 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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## 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	3.93	0.79	0.00	0.35	2.58	-1.16	1.67
ACSGD SGD	3.42	-1.83	-1.18	-1.15	-0.10	-1.24	1.11
AD USD	3.94	0.79	0.01	0.36	2.58	-1.17	1.66
AM2 USD	3.94	0.80	0.01	0.35	2.59	-1.17	1.66
AM2HKD HKD	4.00	0.60	-0.39	0.12	2.64	-0.92	1.62
AM3OSGD SGD	2.49	0.62	-0.46	-0.54	1.16	-1.81	0.99
IC USD	4.56	0.84	0.17	0.67	3.25	-0.52	2.33

Calendar year performance (%)	2018	2019	2020	2021	2022
AC USD	-4.54	5.98	6.72	0.78	-9.47
ACSGD SGD	-2.64	4.54	4.89	2.81	-9.93
AD USD	-4.55	5.96	6.72	0.77	-9.48
AM2 USD	-4.54	5.96	6.72	0.78	-9.48
AM2HKD HKD	--	5.45	6.19	1.33	-9.37
AM3OSGD SGD	-5.50	5.10	6.16	0.59	-9.79
IC USD	-3.92	6.66	7.42	1.43	-8.88

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 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	--	--	--	--
ACSGD	SGD	--	--	--	--
AD	USD	Annually	31 May 2023	0.380486	5.05%
AM2	USD	Monthly	30 November 2023	0.041041	7.65%
AM2HKD	HKD	Monthly	30 November 2023	0.048530	7.65%
AM3OSGD	SGD	Monthly	30 November 2023	0.030984	5.72%
IC	USD	--	--	--	--

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	13.17	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.35	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	7.56	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	6.66	1.100%	Distributing
AM2HKD	29 August 2018	LU1819531796	HKD	USD 5,000	7.89	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	6.60	1.100%	Distributing
IC	20 August 2012	LU0780248281	USD	USD 1,000,000	14.17	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:  $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$ , 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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