

HSBC Global Investment Funds

EURO BOND TOTAL RETURN

Monthly report 31 January 2024 | Share class AC



Investment objective

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



Investment strategy

The Fund is actively managed and is not constrained by a benchmark. The Fund employs a Total Return strategy that capture the majority of the upside in the Euro credit universe while limiting the downside risk and has a flexible allocation across the bond market, over an investment cycle, to achieve risk-adjusted returns above those of the investment universe. However, your capital is still at risk and there is no guarantee of stable growth over time. In normal market conditions, the Fund will mostly invest in investment grade bonds and non-investment grade bonds denominated in Euro, issued by governments, government-related, supranational entities and companies that are based in or carry out the larger part of their business in developed markets. The Fund may invest up to 49% in cash and money market instruments, up to 10% in other funds and up to 10% in bonds issued by governments, government-related, supranational entities and companies based in emerging markets. The Fund may invest up to 10% in convertible bonds, up to 15% in contingent convertible securities and 10% in asset-backed securities and mortgage-backed securities. 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.
- 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.

Share Class Details

Key metrics

NAV per Share	EUR 11.43
Performance 1 month	0.08%
Yield to maturity	4.61%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	EUR
Domicile	Luxembourg
Inception date	12 December 2013
Fund Size	EUR 92,572,384
Managers	Jean Olivier Neyrat

Fees and expenses

Minimum initial investment (SG) ¹	USD 5,000
Maximum initial charge (SG)	3.100%
Management fee	0.900%

Codes

ISIN	LU0988492970
Bloomberg ticker	HECBTRA LX

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

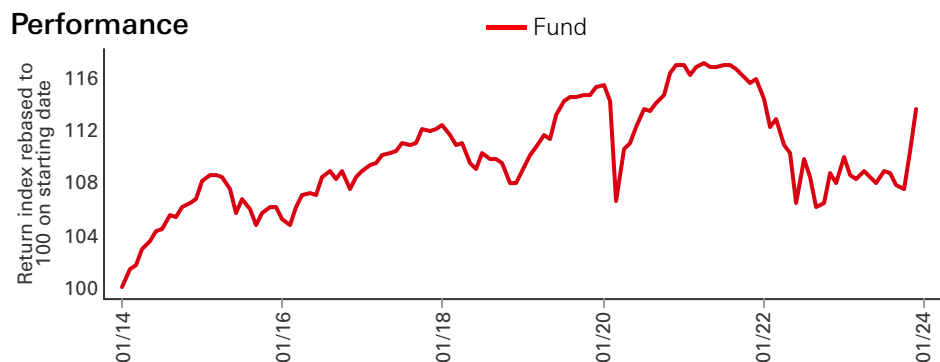
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis. For comparison with benchmark. Performance numbers shown are before netting off sales / realisation charges. This is a marketing communication. Please refer to the prospectus and to the 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 January 2024

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Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	0.08	0.08	5.67	4.44	3.36	-0.93	0.80

Calendar year performance (%)	2019	2020	2021	2022	2023
AC	6.67	1.46	-0.83	-6.80	5.13

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	4.64%	6.47%	Volatility	5.15%	6.85%
Sharpe ratio	-0.42	-0.44	Sharpe ratio	0.07	0.02

Fixed Income Characteristics

	Fund	Reference benchmark	Relative
No. of holdings ex cash	79	--	--
Yield to worst	4.28%	--	--
Yield to maturity	4.61%	--	--
OAD	3.98	--	--
Option Adjusted Spread Duration	4.71	--	--
Average maturity	5.23	--	--
Minimum rating	BBB+/BBB	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Geographical Allocation (OAD)	Fund	Reference benchmark	Relative
AAA	1.46	--	--	United States	0.97	--	--
AA	8.94	--	--	France	0.71	--	--
A	9.97	--	--	Netherlands	0.41	--	--
BBB	48.42	--	--	Spain	0.28	--	--
BB	28.05	--	--	Finland	0.24	--	--
NR	0.31	--	--	Denmark	0.23	--	--
Cash	2.85	--	--	Australia	0.22	--	--
				New Zealand	0.20	--	--
				Italy	0.19	--	--
				Belgium	0.17	--	--
				Other Locations	0.36	--	--
				Cash	0.00	--	--
				Total	3.98	--	--

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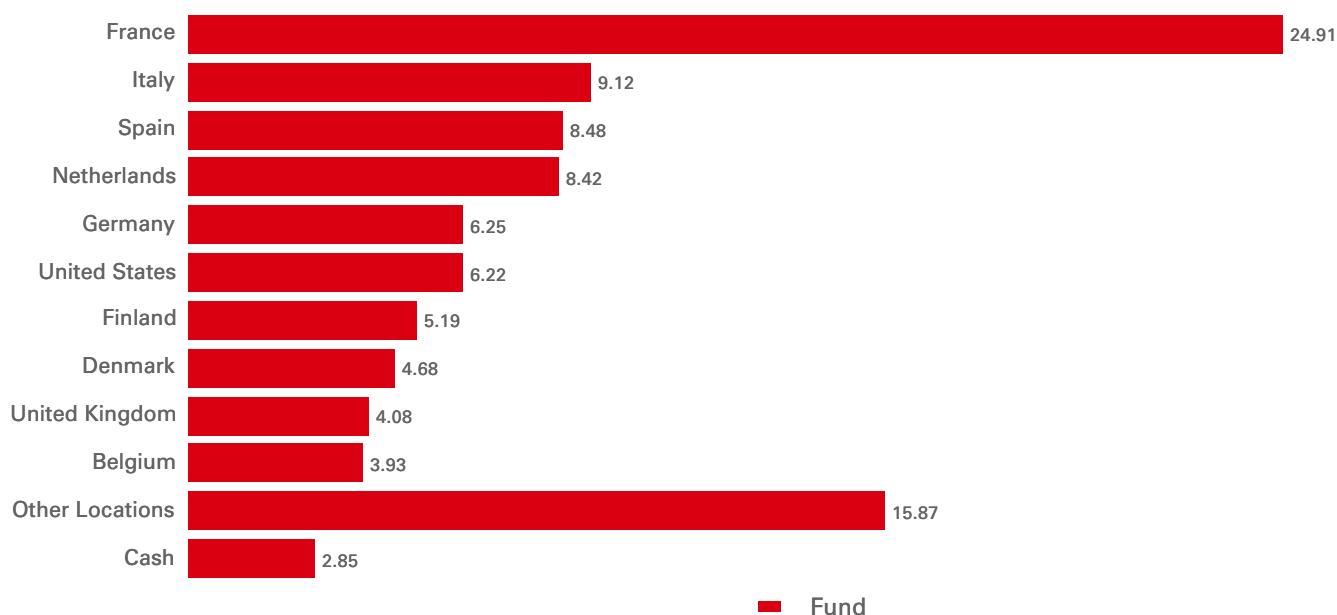
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Sector Allocation (OAD)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
Banking	1.33	--	--	0-2 years	0.36	--	--
Insurance	0.54	--	--	2-5 years	0.72	--	--
Treasuries	0.34	--	--	5-10 years	2.20	--	--
Electric	0.34	--	--	10+ years	0.70	--	--
Communications	0.32	--	--	Total	3.98	--	--
Owned No guarantee	0.22	--	--				
Supranational	0.17	--	--				
Capital Goods	0.15	--	--				
Consumer Cyclical	0.10	--	--				
Mortgage Assets	0.10	--	--				
Other Sectors	0.36	--	--				
Cash	0.00	--	--				
Total	3.98	--	--				

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	35.75	--	--
Treasuries	12.33	--	--
Insurance	11.10	--	--
Electric	8.69	--	--
Communications	4.68	--	--
Owned No guarantee	4.07	--	--
Consumer Cyclical	2.96	--	--
Capital Goods	2.66	--	--
Consumer Non cyclical	2.25	--	--
Utility Other	2.09	--	--
Other Sectors	10.57	--	--
Cash	2.85	--	--

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

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Top 10 Holdings	Weight (%)
FRANCE O.A.T. 0.000 25/02/24	5.37
BTPS 4.500 01/03/24	4.39
NEW ZEALAND GVT 3.500 14/04/33	2.56
ELIA GROUP SA/NV 5.850	2.30
VEOLIA ENVRNMT 2.250	2.09
BNP PARIBAS 4.032	2.05
DEUTSCHE BOERSE 2.000 23/06/48	2.00
ASR NEDERLAND NV 7.000 07/12/43	1.85
EDP SA 1.875 14/03/82	1.85
TDC NET AS 6.500 01/06/31	1.82

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

Monthly performance commentary

Market

In January 2024, risky assets and global government bonds market followed opposite trajectories. For global government bonds, as central bank officials pushed back on the prospect of Q1 rate cuts, we had a correction of the rally of December 2023 for the eurozone German Bund at 10 years where 15 bps higher at 2.17% and French 10Y OAT 10bps higher at 2.66%, the outperformer was the Italian BTP which finished the month at 3.72% which is 4bps higher and 10bps tighter against Germany.

For risky assets, they hold their momentum from November and December as hopes for a soft landing continued. US data surprised on the upside once again, with Q4 growth at annualized rate of +3.3%, whilst the unemployment rate remained at 3.7% in December. Likewise in the Euro Area, the single currency area unexpectedly avoided a technical recession in Q4, as GDP was unchanged, rather than contracting by -0.1% as the consensus expected.

In this context equity markets were positive on the month with the Eurostoxx 50 at 4648 (+2.8%) and the S&P500 at 4845 (+1.6%). For the credit market, investment grade cash indices were 5bps tighter on the month as High yield 10bps tighter. For the sectors, outperformance of Subordinated Insurance (-15bps), Corporate Hybrids (-17bps) and Real Estate. Banks, both senior and subordinated performed in line with the market while Utilities (-2bps) and Telecoms (-2bps) underperformed. The primary market was quite active but overall, the volume of new issues was 30-35% lower than for January 2023.

Credit Exposure

The credit duration of the portfolio is lower at 3.78 years at the end of January, but we increased the average yield of the portfolio which is now of 5.24%. For our holdings, we increased the weight of AT1 securities to 4%, reduced our Corporate Hybrids exposure by 10% to 14% and have 28% of High Yield in the portfolio. For the sector, our biggest exposures are on Banks, Utilities and Insurance.

Duration & Sovereign Exposure

Our exposure to rates is stable at 3.93 years.

Currency Exposure

We decided to close the long EUR vs. GBP as the GBP is no longer considered as the top G10 underperformer. Negative sentiment has faded, and growth outlook is not worse than Euro zone.

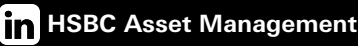
Strategy & Perspectives

With the soft-landing scenario gaining traction in the financial markets and with Euro Investment grade spreads at fair value, we are keeping a procyclical positioning in our portfolio. While geopolitical concerns have persisted, particularly given attacks from the Houthi rebels on commercial shipping in the Red Sea; the next move on rates is seen to be supportive for risky assets and after the retracement of January, the market are now more in line with central bank officials in their rate expectations. For Euro credit, investment grade issuers are still in a good shape if ones stay away from problematic sectors (Commercial Real Estate ex logistic, Autos and Retail), we find Subordinated Banks and Insures attractive at these levels. We aim to maintain the carry of the portfolio as valuations are still fair at these levels of spread.

Risk Disclosure

- 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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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 EUR	0.08	0.08	5.67	4.44	3.36	-0.93	0.80
IC EUR	0.12	0.12	5.81	4.70	3.89	-0.43	1.31

Calendar year performance (%)	2019	2020	2021	2022	2023
AC EUR	6.67	1.46	-0.83	-6.80	5.13
IC EUR	7.20	1.96	-0.34	-6.33	5.66

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

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	12 December 2013	LU0988492970	EUR	USD 5,000	11.43	0.900%	Accumulating
IC	12 December 2013	LU0988493606	EUR	USD 1,000,000	12.02	0.450%	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 January 2024

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