

HSBC Global Investment Funds

MULTI-STRATEGY TARGET RETURN

Monthly report 29 February 2024 | Share class IC



Investment objective

The Fund aims to provide income and capital growth by investing in a range of assets classes, including bonds, shares, money-market securities, currency, cash and other funds.



Investment strategy

The Fund is actively managed. The Fund targets annualised returns of ESTR plus 4% (gross of annual ongoing charges) over a rolling three-year period, with annualised volatility of 6-8%. There is no guarantee that the return or volatility target will be achieved. The Fund employs complementary strategies which may invest across a diversified range of asset classes (directly and indirectly through derivatives and funds) from across the world. These include equity (shares), fixed income (types of debt securities), currency, cash, commodities and other UCITS eligible assets. The Fund gains exposure to investment grade, non-investment grade and unrated bonds and similar securities issued or guaranteed by governments, government-related, supranational entities and companies. The Fund may invest up to 10% in non-investment grade bonds issued by any single sovereign issuer, up to 10% in contingent convertible securities, up to 10% in other eligible assets (such as ABS/MBS) and up to 50% in other funds. The Fund may also invest up to 20% in Total Return Swaps and up to 50% of its assets in non-EUR currencies. 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 generally 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 value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- 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 11.01
Performance 1 month	1.41%
Sharpe ratio 3 years	-0.20

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	21 March 2017
Fund Size	EUR 107,369,860
Reference benchmark	100% Euro Short-Term Rate (€STR)
Managers	Stephane Mesnard Philippe Declerck

Fees and expenses

Minimum initial investment (SG) ¹	USD 1,000,000
Maximum initial charge (SG)	3.100%
Management fee	0.750%

Codes

ISIN	LU1574280472
Bloomberg ticker	HSMSTIC 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.

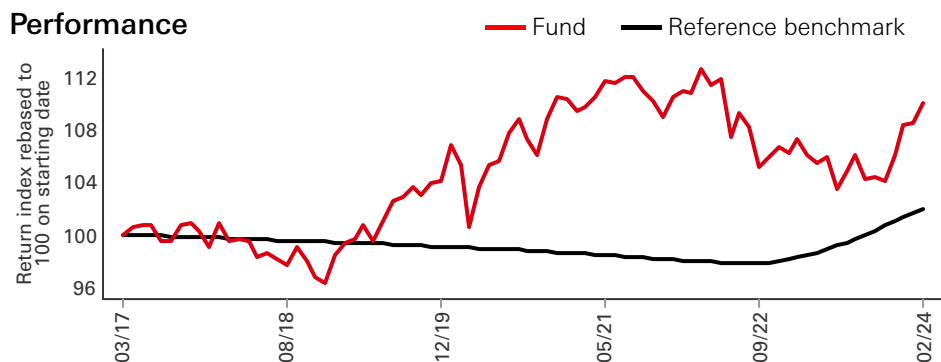
This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

Reference Performance Benchmark: Euro Short-Term Rate (ESTR) since 26 May 2021. Before that, the benchmark was EUR 3 month EURIBOR.

Source: HSBC Asset Management, data as at 29 February 2024

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Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
IC	1.54	1.41	3.80	5.52	3.75	0.21	2.07
Reference benchmark	0.67	0.32	0.99	1.98	3.62	1.14	0.52

Calendar year performance (%)	2019	2020	2021	2022	2023
IC	8.12	6.14	-0.02	-3.90	2.03
Reference benchmark	-0.36	-0.43	-0.56	-0.02	3.28

Asset allocation (%)	Actual	Target	Strategic	Overweight/Underweight between Target & Strategic Asset Allocation	
Bond Future	-9.19	--	--	0.00	
Index Linked Government Bonds	23.96	--	--	0.00	
Open Ended Mutual Bond Fund	11.61	--	--	0.00	
Sovereign Bond	9.05	--	--	0.00	
Cash & MoneyMarket	15.21	--	--	0.00	
ETF	5.85	--	--	0.00	
FX Forward	0.44	--	--	0.00	
FX Spot	0.00	--	--	0.00	
Index Future	37.83	--	--	0.00	
Interest Rate Swap	-0.67	--	--	0.00	
Non Deliverable FX Forward	0.35	--	--	0.00	
Option - Futures	0.03	--	--	0.00	
Option - Index	-0.11	--	--	0.00	
Total Return Swap	0.00	--	--	0.00	
Treasury Bill	34.19	--	--	0.00	

The strategic allocation is the portfolio's reference or neutral allocation set by HSBC Asset Management. The management team also adjusts target exposure higher (overweight) or lower (underweight) to an asset type - relative to the strategic asset allocation - depending on the team's current market outlook. Positive values (overweights) in the chart reflect asset types the portfolio management team have a positive outlook on. Negative values (underweights) reflect asset types the portfolio management team have a negative outlook on. The actual exposure is a screen shot of the portfolio at the end of the month based on market value in each asset type.

Top 10 Holdings	Weight (%)
US 10yr Ultra Fut Jun24	19.32
BTF 0 04/17/24	19.05
BTF 0 07/10/24	15.15
S And P500 EMINI FUT Mar24	11.02
KOREA 10YR BND FU Mar24	8.50
FTSE/MIB IDX FUT Mar24	8.42
SWISS MKT IX FUTR Mar24	8.25
IBEX 35 INDX FUTR Mar24	7.71
LONG GILT FUTURE Jun24	6.59
OMXS30 IND FUTURE Mar24	6.54

Top 10 holdings exclude holdings in cash and cash equivalents

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Monthly performance commentary

Markets

Global equity markets closed the month at record highs, supported by the publication of better-than-expected Q4 2023 earnings and persistently upbeat economic statistics.

In the US, the S&P 500 index ended the month close to the 5,100-point mark, while the Nasdaq tech index topped 18,000 points. Elsewhere, the Nikkei 225 in Japan surpassed 39,000 points, a level last reached at the end of the 80s, and the French CAC40 hovered around 8,000 points - all-time highs for most the main market indices.

On the economic front, leading indicators continued to improve. The ISM manufacturing index climbed from 47.1 to 49.1, remaining below the 50 threshold, while the services index rebounded to 53.4, up from 50.5 one month ago. Meanwhile, consumer confidence is recovering, helped by a resilient labour market (+353,000 jobs created). In the Eurozone, after zero growth in the fourth quarter, leading indicators are suggesting that some improvement is likely, as the PMI composite index came in slightly above consensus expectations in February.

Turning to central bank policy, central bank officials seem to be needing more time and clear signs that wages are slowing and that inflation is retreating towards the 2% target, before introducing a gradual easing of lending conditions; this caused interest rates to adjust by a further +0.3 to 0.4% since the beginning of the year.

By the end of the month, equity indices were up 4.3% in USD and 4.5% in EUR. Japanese and American indices took the lead, rising by over 5% in local currency. Emerging markets, notably in Asia, also outperformed. The Eurozone lagged with a 3% rise. In fixed income markets, bonds hovered around the waterline while sovereign debt suffered from rising yields and fell around 1%.

Performance

The fund underperformed the money market during the month. The net asset value rose by around 1.4%, while global equities were up 4.5% (MSCI World EUR Hedged) and global government bonds fell 0.5% (Barclays Global Govt Bond EUR Hedged). The fund's strategic exposure to macroeconomic factors detracted from performance, while its tactical allocation and exposure to style factors contributed positively.

Within the directional envelope, our strategic allocation to bonds weighed on performance in a bearish bond market. Our exposure to inflation-linked bonds and to emerging debt were the leading detractors, while quality corporate bonds impacted performance to a lesser degree. On the equity side, our investments contributed positively, driven by our average 35% allocation to stock markets, our by long positions in US, Japanese, Italian, Spanish and Swedish markets and in the automotive and technology sectors in Europe. In contrast, most detractors were to be found within our Mexican, French and British equity investments. Elsewhere, our diversification strategy into commodities and physical gold cost the fund a few performance points.

Among style factors, the positive contributions of Carry and Momentum were mitigated by the negative impact of Valuation. Turning to contributions by asset class, the bond and equity portfolios contributed positively, while the currency portfolios were stable during the month. Within equity portfolios, the positive contributions from sector portfolios were mitigated by the negative contributions from developed country arbitrage portfolios. In currency portfolios, the developed market portfolios were positive, but this performance was dampened by negative contributions from the emerging market portfolios. In fixed-income markets, we benefited mainly from our short Germany and Norway positions and our long Swiss market positions, but suffered from our long exposure to the US market.

Positioning

As of the end of February, the portfolio remains highly diversified in terms of its international allocation and positioned to capture macroeconomic and style risk premiums. Equity exposure was reduced slightly in January to around 37% at the end of the month.

Our main aggregate exposures by asset classes are, on the fixed-income market, long UK, Switzerland and US, and short Sweden, Australia and Germany. On the equity side, our main positions are long US, Italy and Switzerland, and short Australia, Canada and France. In currency markets, our main positions are long dollar, Colombian peso and Norwegian crown, and short Swiss franc, Singapore dollar and Korean won.

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.
- 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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HSBC Asset Management

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
IC EUR	1.54	1.41	3.80	5.52	3.75	0.21	2.07

Calendar year performance (%)	2019	2020	2021	2022	2023
IC EUR	8.12	6.14	-0.02	-3.90	2.03

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

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
IC	21 March 2017	LU1574280472	EUR	USD 1,000,000	11.01	0.750%	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.

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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 29 February 2024

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