

HSBC Global Investment Funds

GLOBAL LOWER CARBON BOND

Monthly report 29 February 2024 | Share class AD

Fund center



Risk Disclosure

- The Fund invests mainly in fixed income securities while promoting ESG characteristics.
- The Fund may pay dividends out of capital or gross of expenses. Dividend is not guaranteed and may result in capital erosion and reduction in net asset value.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, credit rating, currency, volatility, liquidity, ESG investment policy, general debt securities, interest rate, valuation, non-investment grade and unrated debt securities, sovereign debt, emerging markets, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes are subject to higher currency and exchange rate risks.
- Investors should not invest solely based on factsheet and should read the offering documents for details.

Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of bonds that has a lower carbon footprint than its reference benchmark. The Fund qualifies under Article 8 of SFDR.

Investment strategy

The Fund is actively managed.

In normal market conditions, the Fund will invest at least 70% of its assets in investment grade and non-investment grade bonds issued by companies that are based in developed markets and emerging markets. The Fund will invest in bonds issued by companies with consideration of their Lower Carbon Criteria.

The Fund will also invest in Green Bonds meeting the Green Bond Principles of the International Capital Market Association. The Fund will not invest in companies involved in the production of tobacco or related activities.

The Fund may invest up to 10% in onshore Chinese bonds which are issued within the People's Republic of China and traded on the China Interbank Bond Market.

The Fund may invest up to 10% in non-investment grade bonds and up to 10% in ABS and MBS. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds, including HSBC funds.

The Fund's primary currency exposure is to USD.

See the Prospectus for a full description of the investment objectives and derivative usage.

Share Class Details

Key metrics

NAV per Share	USD 10.10
Yield to maturity	5.03%

Fund facts

UCITS V compliant	Yes
Dividend treatment	Distributing
Distribution Frequency	Annually
Dividend ex-date	31 May 2023
Dividend annualised yield*	1.50%
Dividend Amount	0.145570
Dealing frequency	Daily
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	27 September 2017
Fund Size	USD 254,090,348
Reference benchmark	100% Bloomberg Global Aggregate Corporates Diversified Index Hedged USD

Managers	Jerry Samet Jean Olivier Neyrat Mohamed Imtiaz Siddeeq
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Fees and expenses

Minimum initial investment (HK) ¹	USD 1,000
Maximum initial charge (HK)	3.000%
Management fee	0.800%

Codes

ISIN	LU1674672966
Bloomberg ticker	HSGLADU LX

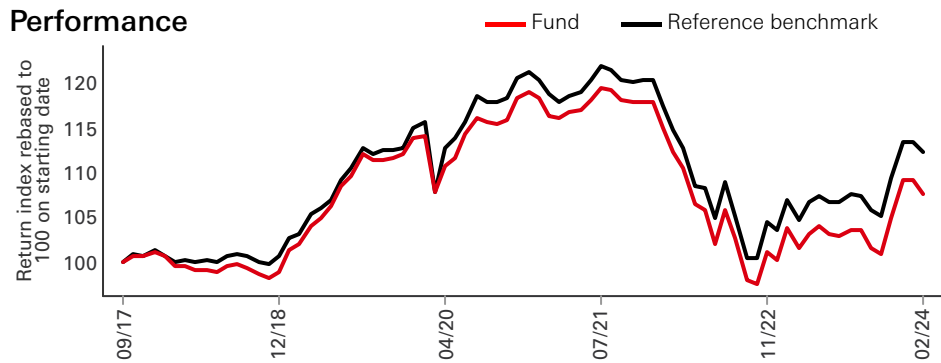
¹Please note that initial minimum subscription may vary across different distributors

Past performance does not predict future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations. *The fund may pay dividends out of capital or gross of expenses.

For definition of terms, please refer to the Glossary QR code.

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

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years
AD	-1.54	-1.40	2.46	3.95	5.93	-7.49	5.49
Reference benchmark	-1.05	-1.04	2.60	4.53	7.28	-5.49	8.82

Calendar year performance (%)	2019	2020	2021	2022	2023
AD	13.26	6.24	-1.01	-14.91	8.99
Reference benchmark	12.02	7.42	-0.75	-13.94	9.56

The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history.
Results are cumulative

Carbon footprint	Fund	Reference benchmark	HSBC ESG Score	ESG score	E	S	G
Carbon intensity emissions	53.80	144.85	Fund	6.0	7.5	5.2	6.1
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO ₂ e/USD million) Source of analytics: Trucost			Reference benchmark	5.8	7.3	5.0	5.8

3-Year Risk Measures	AD	Reference benchmark	5-Year Risk Measures	AD	Reference benchmark
Volatility	7.36%	7.32%	Volatility	6.91%	7.28%
Sharpe ratio	-0.67	-0.58	Sharpe ratio	-0.13	-0.04
Tracking error	0.85%	--	Tracking error	1.39%	--
Information ratio	-0.82	--	Information ratio	-0.45	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	421	14,515	--
Average coupon rate	3.83	3.36	0.47
Portfolio yield	4.86%	4.77%	0.09%
Effective duration	5.75	5.55	0.20
Average maturity	8.06	7.64	0.42
Average Credit Quality	A/A-	A-/BBB+	--

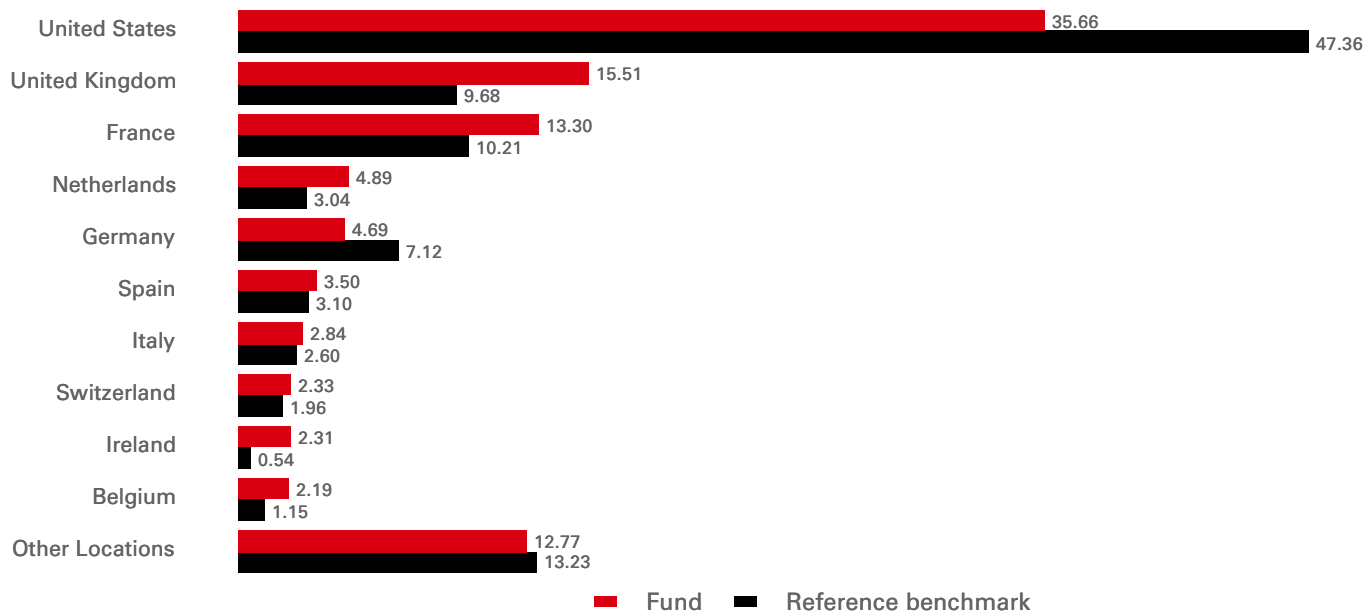
Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Effective duration)	Fund	Reference benchmark	Relative
AAA	1.56	0.76	0.80	0-2 years	0.13	0.18	-0.05
AA	10.13	7.67	2.47	2-5 years	1.34	1.13	0.21
A	31.47	42.81	-11.34	5-10 years	2.14	1.81	0.32
BBB	51.92	48.76	3.16	10+ years	2.15	2.43	-0.28
BB	0.86	--	0.86	Total	5.75	5.55	0.20
B	0.07	--	0.07				
NR	0.08	--	0.08				
Cash	3.91	--	3.91				

Past performance does not predict future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations. *The fund may pay dividends out of capital or gross of expenses.
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Source: HSBC Asset Management, data as at 29 February 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.88	100.00	-0.12
EUR	0.13	--	0.13
HKD	0.00	--	0.00
AUD	0.00	--	0.00
CHF	0.00	--	0.00
SGD	0.00	--	0.00
GBP	-0.01	--	-0.01

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial Institutions	49.10	40.73	8.37
Consumer Cyclical	7.54	8.39	-0.85
Consumer Non cyclical	7.10	13.13	-6.03
Utility	6.33	8.91	-2.58
Communications	6.14	7.03	-0.89
Capital Goods	5.60	4.91	0.70
Treasuries	5.37	--	5.37
Technology	3.13	5.51	-2.38
Transportation	1.99	2.99	-0.99
Agencies	1.85	--	1.85
Other Sectors	1.94	8.41	-6.47
Cash	3.91	--	3.91

Top 10 Holdings	Weight (%)
US TREASURY N/B 4.125 15/08/53	2.20
PACCAR FINL CORP 4.600 31/01/29	1.57
NEW YORK LIFE GL 4.700 29/01/29	1.17
ASHTead CAPITAL 5.800 15/04/34	1.11
JPMORGAN CHASE 4.600	0.94
ASSICURAZIONI 5.272 12/09/33	0.91
US TREASURY N/B 4.375 15/12/26	0.87
SCHNEIDER ELEC 3.250 10/10/35	0.84
ENERGY TRANSFER 6.250 15/04/49	0.83
COREBRIDGE GF 5.900 19/09/28	0.83

Monthly performance commentary

February saw risk assets and rates move higher as US growth and inflation data came in higher than expected and Q4 corporate earnings were largely in line. Rates stabilized somewhat later in the month as retail sales were weaker than markets had expected. Global Credit total returns were mixed over the month with more rate sensitive IG bonds in negative territory while High Yield remained positive. Monthly supply in IG issuance was \$218.6 billion, for a YTD total of \$489.9 billion. HY saw \$27.8 billion issued over the month for a YTD total of \$56.2 billion. US Treasury yields rose in January with the curve reinverting somewhat lead by a larger move in shorter dated maturities. The 2, 5, 10 and 30 year moved higher by 41, 41, 34 and 21 basis points to finish the month at 4.62%, 4.24%, 4.25% and 4.38% respectively. In this market context the fund's benchmark returned -1.04% over the month.

The strategy performance was negative on an absolute basis underperforming the reference benchmark gross of fees.

Regionally the overweight to the UK and Europe added to relative performance as both regions outperformed the US on an asset class basis over the month. This was offset by negative issue selection effects driven by positioning in US, UK and to a lesser extent Euro bonds. Duration positioning also detracted from performance overall. With an overweight to duration and a steepener along the curve the portfolio suffered as rates rose and reinverted somewhat over the month.

Regionally the portfolio is underweight the US, and overweight Europe and the UK. The regional weights for the US, EUR and UK are 47%, 44% and 9% respectively. The average credit rating of the portfolio is A/A- vs the benchmark's A-/BBB+ with an overweight to AAA, AA and BBB rated bonds and an underweight A rated bonds. The fund also has a small off benchmark exposure to BB rated bonds of less than 1%. From an industry perspective the strategy's largest overweights are to financials and treasuries. Financials offer attractive relative value as well as lower relative carbon footprints vs industrials while Treasuries represent the portfolio's more defensive credit positioning. The main underweights are to consumer non-cyclicals and energy on the basis of less attractive valuations as well as a higher carbon footprint for energy. The overall duration is overweight the benchmark by 0.20 years at 5.75 on an option adjusted basis and the portfolio beta is just above 1.

Outlook

Although markets have repriced for a more hawkish central bank stance with rate cuts having been pushed back, the overall soft-landing narrative remains dominant in the mind of investors. While the continued strength of the economy has allowed the Fed to be more patient there seems to be little doubt that their next move is still to cut, even if the timing has become less certain. The recent rally in risk assets has brought spreads back to their tights but the constructive economic outlook should remain supportive in the short term. Our expectation is still that the global economy will slow and as a result, over the longer term we still expect that spreads are more likely to move wider. In the short term however, we don't see any specific catalyst that would send spreads meaningfully wider, and we expect they could continue to grind tighter. As a result, we are currently positioned with a more neutral bias, remaining tactical with our positioning, taking advantage of short-term opportunities as they arise.

For Investment Grade portfolios our credit positioning is neutral in the short term with a beta of close to or slightly above 1 as despite the longer-term expectation of an economic slowdown, we don't see an immediate driver to send spreads meaningfully wider over the next few months. We remain focused on issuer selection however with an emphasis on companies with stable or improving credit fundamentals. We also remain up in quality especially in sectors which we believe could be more vulnerable to short term volatility and the longer-term economic downturn. Regionally we are maintaining our overweight to Europe vs the US given better valuations and the attractive level of hedge carry when converting back to USD. Portfolio duration is currently overweight the benchmark and positioned along the curve for a steepening.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
CAIDEP CP 0 04/02/24	0.08	IIILN 3.75 06/05/40	0.09
FRLBP V5.625 09/21/28 EMTN	0.08	SRBANK 0.25 11/09/26 EMTN	0.09
SCOR V3.875 PERP	0.22	JUSTLN V7 04/15/31	0.11
MGNLN V3.875 07/20/49	0.25	ICPLN 1.625 02/17/27	0.16
DNBNBK CP 0 05/28/24	0.26	SAGAX 1.125 01/30/27 EMTN	0.18
SAMPFH V2.5 09/03/52 EMTN	0.32	SAGAX 0.75 01/26/28 EMTN	0.18
PHNXLN V7.75 12/06/53 EMTN	0.42	HANRUE 1.125 04/18/28	0.18
ASRNED V7 12/07/43	0.52	SCOR V1.375 09/17/51	0.22
SYF 2.875 10/28/31	0.64	SRENVX V2.534 04/30/50	0.24
SYF 5.4 08/22/25 BKNT	0.64	SRENVX V2.6 PERP	0.24

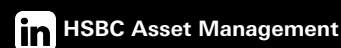
Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
WM 4.15 04/15/32	795.65	INTLWT 5.95 12/15/39 REGS	53,342.22
WCNCN 2.2 01/15/32	676.10	HNINTL 2.625 02/20/30	10,250.80
SSELN 5.5 01/15/44 EMTN	530.60	UTCMIN 2.8 02/16/31 REGS	8,930.68
SSELN 8.375 11/20/28 EMTN	530.60	KALLPA 4.875 05/24/26 REGS	7,276.37
SGN 6.625 03/14/35 emtn	431.30	VST 7.233 05/17/28	6,920.55
BNGBNK CP 0 05/02/24	415.83	VST 3.7 01/30/27 144A	6,920.55
ENELIM 2.875 07/12/41 144A	392.81	CNL 3.743 05/01/26	5,516.85
ENELIM 5.5 06/15/52 144A	392.81	HKE 1.875 08/27/30 EMTN	4,913.81
ENELIM V1.375 PERP 6.5Y	392.81	EVRG 2.25 06/01/30 2020	4,775.06
NGGLN 1.375 09/16/26 EMTN	329.48	EVRG 2.55 07/01/26	4,775.06

Company carbon data, can often be “partially disclosed”, i.e. partial geographic coverage, or incomplete operational data. Trucost* undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies.*Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

Source of analytics: Trucost / HSBC
 For definition of terms, please refer to the Glossary QR code.
 Source: HSBC Asset Management, data as at 29 February 2024

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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. The deviation of the Fund's performance relative to the benchmark is monitored, but not constrained, to a defined range.

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

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHEUR	EUR	--	--	--	--
ACHGBP	GBP	--	--	--	--
AD	USD	Annually	31 May 2023	0.145570	1.50%
ADHEUR	EUR	Annually	31 May 2023	0.117823	1.46%
AM2	USD	Monthly	29 February 2024	0.043468	6.04%
AM2	USD	Monthly	31 January 2024	0.043995	6.00%
AM2	USD	Monthly	28 December 2023	0.044834	6.07%
AM2	USD	Monthly	30 November 2023	0.043209	6.06%
AM2	USD	Monthly	31 October 2023	0.041899	6.09%
AM2	USD	Monthly	27 September 2023	0.042623	6.12%
AM2	USD	Monthly	30 August 2023	0.043047	6.06%
AM2	USD	Monthly	27 July 2023	0.043731	6.11%
AM2	USD	Monthly	27 June 2023	0.042996	6.00%
AM2	USD	Monthly	31 May 2023	0.042862	5.94%
AM2	USD	Monthly	28 April 2023	0.043923	6.02%
AM2	USD	Monthly	29 March 2023	0.043777	6.04%
AM2HKD	HKD	Monthly	29 February 2024	0.043297	6.04%
AM2HKD	HKD	Monthly	31 January 2024	0.043766	6.00%
AM2HKD	HKD	Monthly	28 December 2023	0.044603	6.07%
AM2HKD	HKD	Monthly	30 November 2023	0.042889	6.05%
AM2HKD	HKD	Monthly	31 October 2023	0.041722	6.09%
AM2HKD	HKD	Monthly	27 September 2023	0.042411	6.12%
AM2HKD	HKD	Monthly	30 August 2023	0.042992	6.06%
AM2HKD	HKD	Monthly	27 July 2023	0.043490	6.12%
AM2HKD	HKD	Monthly	27 June 2023	0.042860	6.00%
AM2HKD	HKD	Monthly	31 May 2023	0.042745	5.95%
AM2HKD	HKD	Monthly	28 April 2023	0.043889	6.02%
AM2HKD	HKD	Monthly	29 March 2023	0.043744	6.04%
AM3HAUD	AUD	Monthly	29 February 2024	0.031003	4.71%
AM3HAUD	AUD	Monthly	31 January 2024	0.031927	4.76%
AM3HAUD	AUD	Monthly	28 December 2023	0.032626	4.82%
AM3HAUD	AUD	Monthly	30 November 2023	0.030672	4.70%
AM3HAUD	AUD	Monthly	31 October 2023	0.029340	4.65%
AM3HAUD	AUD	Monthly	27 September 2023	0.029356	4.60%
AM3HAUD	AUD	Monthly	30 August 2023	0.030809	4.73%
AM3HAUD	AUD	Monthly	27 July 2023	0.032664	4.98%
AM3HAUD	AUD	Monthly	27 June 2023	0.029329	4.45%
AM3HAUD	AUD	Monthly	31 May 2023	0.028315	4.27%
AM3HAUD	AUD	Monthly	28 April 2023	0.029629	4.42%
AM3HAUD	AUD	Monthly	29 March 2023	0.030426	4.57%

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 be comprised of both distributed income and capital. 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. For definition of terms, please refer to the Glossary QR code. Source: HSBC Asset Management, data as at 29 February 2024