

HSBC Global Investment Funds

ASIA HIGH YIELD BOND

Monthly report 31 December 2023 | Share class AC



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Asian high yield bonds.



Investment strategy

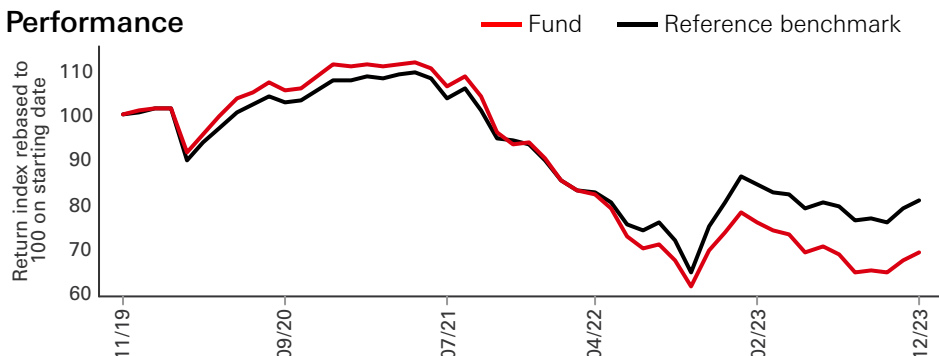
The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% of its assets in non-investment grade bonds and unrated bonds issued either by companies based in or carry out the larger part of their business in Asia, or by governments, government-related entities and supranational entities based in Asia. The Fund may invest up to 30% of its assets in onshore Chinese bonds which are issued within the People's Republic of China (PRC) and traded on the China Interbank Bond Market. The Fund may invest up to 10% in convertible bonds. The Fund may also invest up to 15% of its assets in contingent convertible securities. The Fund may invest up to 10% of its assets in other funds, including HSBC funds. The Fund's primary currency exposure is to US dollars (USD). 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.

Performance



Share Class Details

Key metrics

NAV per Share	USD 6.89
Performance 1 month	2.33%
Yield to maturity	12.57%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	27 November 2019
Fund Size	USD 646,473,402
Reference benchmark	100% JACI Non-Investment Grade Corporate Index

Managers	Alfred Mui Ming Leap
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Fees and expenses

Minimum initial investment (SG) ¹	USD 5,000
Maximum initial charge (SG)	3.100%
Management fee	1.250%

Codes

ISIN	LU2004780537
Bloomberg ticker	HSAHYAC 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 KIID before making any final investment decisions.

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

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Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AC	-6.51	2.33	5.93	-1.87	-6.51	-14.69	--	-8.69
Reference benchmark	0.52	2.13	5.47	0.71	0.52	-9.14	--	-5.08

Calendar year performance (%)	2019	2020	2021	2022	2023
AC	--	10.00	-15.35	-21.55	-6.51
Reference benchmark	--	7.02	-13.39	-13.83	0.52

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	14.65%	15.42%	Volatility	--	--
Sharpe ratio	-1.15	-0.73	Sharpe ratio	--	--
Tracking error	3.27%	--	Tracking error	--	--
Information ratio	-1.70	--	Information ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	173	239	--
Yield to worst	12.48%	12.97%	-0.49%
Yield to maturity	12.57%	13.11%	-0.54%
Modified Duration to Worst	2.78	2.56	0.22
Option Adjusted Spread Duration	3.09	3.07	0.01
Average maturity	4.54	4.29	0.25
Rating average	BB/BB-	BB/BB-	--
Number of issuers	94	130	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
A	1.14	0.42	0.71	0-2 years	0.31	0.43	-0.12
BBB	7.92	0.90	7.02	2-5 years	1.02	1.04	-0.01
BB	54.70	55.32	-0.62	5-10 years	0.65	0.55	0.11
B	22.56	16.00	6.55	10+ years	0.67	0.36	0.31
CCC	3.19	1.90	1.29	Total	2.66	2.37	0.29
CC	1.67	1.57	0.10				
C	0.09	0.01	0.08				
D	0.51	--	0.51				
NR	5.33	23.86	-18.54				
Cash	2.91	--	2.91				

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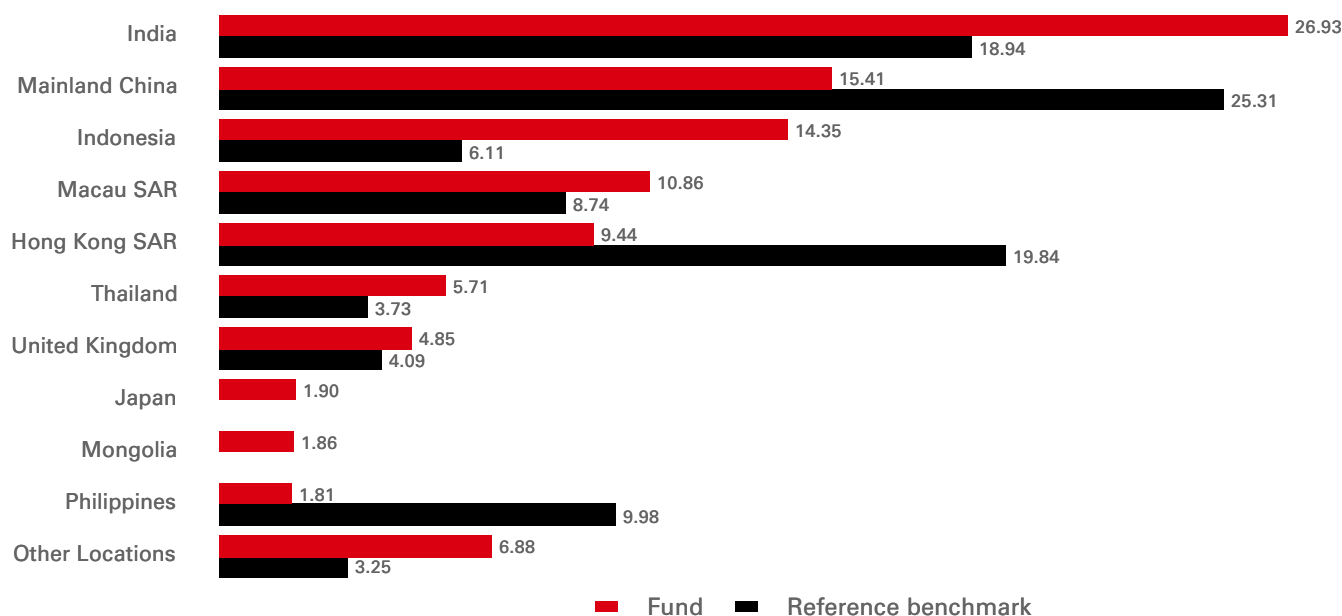
Performance numbers shown are before netting off sales / realisation charges.

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Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.98	100.00	-0.02
INR	1.25	--	1.25
IDR	0.74	--	0.74
SGD	0.10	--	0.10
AUD	0.01	--	0.01
HKD	0.00	--	0.00
CHF	0.00	--	0.00
GBP	-0.05	--	-0.05
EUR	-0.52	--	-0.52
CNY	-0.74	--	-0.74
Other Currencies	-0.76	--	-0.76

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Consumer Cyclical	18.26	18.60	-0.35
Banks	16.70	23.01	-6.31
Energy	14.62	9.15	5.47
Real Estate	11.89	15.75	-3.85
Basic Materials	6.78	4.79	1.99
Utilities	6.78	8.79	-2.02
Industrial	4.68	4.22	0.45
Communications	3.76	3.21	0.54
Investment Companies	3.64	3.71	-0.07
Consumer Non cyclical	3.25	2.79	0.46
Other Sectors	6.74	5.98	0.77
Cash	2.91	--	2.91

Top 10 Holdings	Weight (%)
KASIKORNBANK PCL 5.275	2.05
STANDARD CHART 4.300	1.97
GREENKO WIND 5.500 06/04/25	1.96
CA MAGNUM HLDING 5.375 31/10/26	1.82
MELCO RESORTS 5.250 26/04/26	1.80
STANDARD CHART 4.750	1.73
WYNN MACAU LTD 5.500 15/01/26	1.68
BANGKOK BANK/HK 5.000	1.62
MEDCO OAK TREE 7.375 14/05/26	1.60
WYNN MACAU LTD 5.625 26/08/28	1.59

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

Monthly performance commentary

Market Review

The Asia credit market posted strong returns in December. US Treasuries rallied, with yields across all tenors moving lower. The decline in yields was spurred by signs of cooling inflation across developed markets and dovish notes from the Fed. Overall, 2-year treasury yields fell 43bps while 10-year yields fell 45 bps. Investment grade (IG) bonds outperformed high yield (HY) bonds as IG spreads tightened whilst HY spreads widened. In the IG space, the best performer was India infrastructure due to positive headlines on a conglomerate's acquisition. India industrial and Macau consumer also saw spreads tightening due to buoyant market sentiment on dovish Fed comments. On the other hand, Indonesia and Philippines TMT were top detractors. Korea infrastructure also saw spreads widening. In the HY arena, the best performers were Sri Lanka sovereign and quasi-sovereign as there was progress on the IMF bailout after the country struck the debt restructuring deal with China. India metals & mining also saw spread compression on positive development around the liability management exercise of a company. On the contrary, China oil & gas was top detractor due to the lingering concerns on China's weak economic conditions. China real estate saw spreads widening as property sales remained tepid. Cambodia consumer also underperformed.

Portfolio strategy

The fund returned positively and outperformed the benchmark for December amid declining US treasury yields. On a relative basis, the fund benefited the most from its credit exposure, mainly from our favourable selection in the Indonesia property sector given stable property sales and better access to local funding source. Meanwhile, our underweight in distressed China property developers also contributed positively to the relative returns. Furthermore, the fund's overweight in global bank subordinated debt added value in light of lower US Treasury yields. Elsewhere, the fund's duration exposure lifted the relative returns given our long duration positioning amid declining US Treasury yields. Over the month, we continued to trim our overall exposure in the China property sector as the physical housing market remained weak given the continual decline in home sales. We turned underweight the sector, mainly underweight the POE names, while maintaining overweight only the semi-SOE developers as we remain selective with an emphasis on better quality companies, which will be more likely to benefit from the stimulus policies in the sector. On the other hand, we increased exposure to Thailand subordinated debt, which have been a laggard that have short duration and attractive valuation. We also added some credit duration through Indonesia quasi-sovereigns. In terms of positioning, we remained overweight in Macau gaming in view of continued revenue recovery from strong visitor arrivals in Macau. The reopening in China continued to improve the sector and Macau's economic recovery. We maintain our overweight in India and Indonesia corporates, particularly those that we expect to benefit from the economic growth. Of note, we favour the commodity sector in India and Indonesia. We expect the strong demand for commodities and energy will keep prices well supported and will in turn, benefit these companies. In India, we also favour the renewable energy sector which we expect to remain well supported by global sustainable investors. In Indonesia, we favour the property sector on a selective basis. On the other hand, we are underweight sectors which we find valuations unattractive. For instance, we are underweight Hong Kong, Philippines, and China. Similarly, we are also underweight bank subordinated debt. During the month, we remained overweight in the fund's duration exposure amid declining US Treasury yields. We have also used interest rate futures to help manage our duration exposure actively.

Outlook

Asia credit finished the challenging year with a positive return on credit spread compression and high carry despite the 100bps rate hike by the Fed. Going into 2024, Asia credit outlook looks more promising, with the peak of global rates, well-performing Asian economies, and China to benefit from more policy support. Asian economies should continue to benefit from the more favourable macroeconomic dynamics and better growth prospects, as they have not experienced the same inflation and interest rate shocks as the western economies. This should help cushioning the credit market from downgrades or defaults and allow governments to be supportive with fiscal and monetary policies. Asian investment grade market will remain resilient, offering attractive yield premium to the West, with high quality and low volatility. Overall, with the negative influence from the China real estate funding crisis fading, we believe 2024 will be a pleasant year for Asian credit. Following the diminished size of the China property sector in the overall Asia credit market, the high yield market has now become more diversified. Although we expect to see intensified policy efforts to support the China property sector, we do not foresee a major housing market turnaround. Meanwhile, there are pockets of opportunities offering competitive yields outside of China and they would remain intact. We could see more positive rating actions in Indian high yield amid positive macro tailwind. Furthermore, Macau leisure continue to see strong recovery in visitors and gross gaming revenue. This momentum is likely to continue, and we should see more rating upgrades. From a valuation perspective, opportunity remains for investors to enjoy decent returns in the upcoming future as yields remain attractive at near post-global financial crisis high.

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. The deviation of the Fund's underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

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

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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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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	Since inception ann
AC USD	-6.51	2.33	5.93	-1.87	-6.51	-14.69	--	-8.69
ACHEUR EUR	-8.54	2.18	5.44	-2.82	-8.54	--	--	-18.14
ADHEUR EUR	-8.56	2.17	5.44	-2.83	-8.56	--	--	-13.81
AM2 USD	-6.54	2.34	5.91	-1.89	-6.54	-14.69	--	-8.34
AM2HKD HKD	-6.49	2.32	5.63	-2.23	-6.49	-14.49	--	-12.97
AM3HAUD AUD	-8.04	2.21	5.50	-2.64	-8.04	-15.63	--	-9.22
AM3HSGD SGD	-8.02	2.17	5.42	-2.82	-8.02	-15.30	--	-9.33
IC USD	-5.84	2.40	6.12	-1.53	-5.84	-14.07	--	-8.03
IM2USD USD	-5.85	2.41	6.14	-1.51	-5.85	--	--	-14.41
PCHSGD SGD	-7.75	2.22	5.51	-2.65	-7.75	-15.07	--	-9.25
PM2 USD	-6.30	2.37	6.00	-1.77	-6.30	-14.48	--	-8.66
PM3HAUD AUD	-7.84	2.24	5.60	-2.54	-7.84	-15.43	--	-9.57
PM3HEUR EUR	-8.34	2.20	5.48	-2.73	-8.34	-16.01	--	-12.14
PM3HSGD SGD	-7.78	2.21	5.48	-2.69	-7.78	-15.16	--	-9.33

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 USD	--	10.00	-15.35	-21.55	-6.51
ACHEUR EUR	--	--	--	-23.35	-8.54
ADHEUR EUR	--	--	--	-23.34	-8.56
AM2 USD	--	--	-15.34	-21.54	-6.54
AM2HKD HKD	--	--	-14.88	-21.45	-6.49
AM3HAUD AUD	--	--	-15.74	-22.49	-8.04
AM3HSGD SGD	--	9.26	-15.46	-21.84	-8.02
IC USD	--	10.80	-14.73	-20.98	-5.84
IM2USD USD	--	--	--	-20.97	-5.85
PCHSGD SGD	--	--	-15.24	-21.66	-7.75
PM2 USD	--	--	-15.13	-21.34	-6.30
PM3HAUD AUD	--	--	-15.53	-22.30	-7.84
PM3HEUR EUR	--	--	-15.95	-23.11	-8.34
PM3HSGD SGD	--	--	-15.26	-21.87	-7.78

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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	--	--	--	--
ACHEUR	EUR	--	--	--	--
ADHEUR	EUR	Annually	31 May 2023	0.580806	8.81%
AM2	USD	Monthly	28 December 2023	0.047297	12.10%
AM2HKD	HKD	Monthly	28 December 2023	0.044486	12.10%
AM3HAUD	AUD	Monthly	28 December 2023	0.042043	10.77%
AM3HSGD	SGD	Monthly	28 December 2023	0.037007	10.15%
IC	USD	--	--	--	--
IM2USD	USD	Monthly	28 December 2023	0.043830	12.09%
PCHSGD	SGD	--	--	--	--
PM2	USD	Monthly	28 December 2023	0.047610	12.10%
PM3HAUD	AUD	Monthly	28 December 2023	0.042273	10.77%
PM3HEUR	EUR	Monthly	28 December 2023	0.040039	10.12%
PM3HSGD	SGD	Monthly	28 December 2023	0.040063	10.15%

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	27 November 2019	LU2004780537	USD	USD 5,000	6.89	1.250%	Accumulating
ACHEUR	21 September 2021	LU2269308503	EUR	USD 5,000	6.34	1.250%	Accumulating
ADHEUR	8 November 2021	LU2269308768	EUR	USD 5,000	6.49	1.250%	Distributing
AM2	14 April 2020	LU2066403754	USD	USD 5,000	4.95	1.250%	Distributing
AM2HKD	10 November 2020	LU2066403911	HKD	USD 5,000	4.65	1.250%	Distributing
AM3HAUD	14 April 2020	LU2098770311	AUD	USD 5,000	4.92	1.250%	Distributing
AM3HSGD	27 November 2019	LU2065168101	SGD	USD 5,000	4.58	1.250%	Distributing
IC	27 November 2019	LU2065168440	USD	USD 1,000,000	7.10	0.625%	Accumulating
IM2USD	27 January 2021	LU2275057458	USD	USD 1,000,000	4.59	0.625%	Distributing
PCHSGD	6 May 2020	LU2133054762	SGD	USD 5,000,000	7.01	1.000%	Accumulating
PM2	6 May 2020	LU2133054176	USD	USD 5,000,000	4.99	1.000%	Distributing
PM3HAUD	6 May 2020	LU2133054333	AUD	USD 5,000,000	4.94	1.000%	Distributing
PM3HEUR	26 June 2020	LU2133054259	EUR	USD 5,000,000	4.97	1.000%	Distributing
PM3HSGD	6 May 2020	LU2133054416	SGD	USD 5,000,000	4.96	1.000%	Distributing

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.