HSBC Asset Management

HSBC Global Investment Funds

ASIA HIGH YIELD BOND

Monthly report 31 January 2024 | Share class XC

Investment objective

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

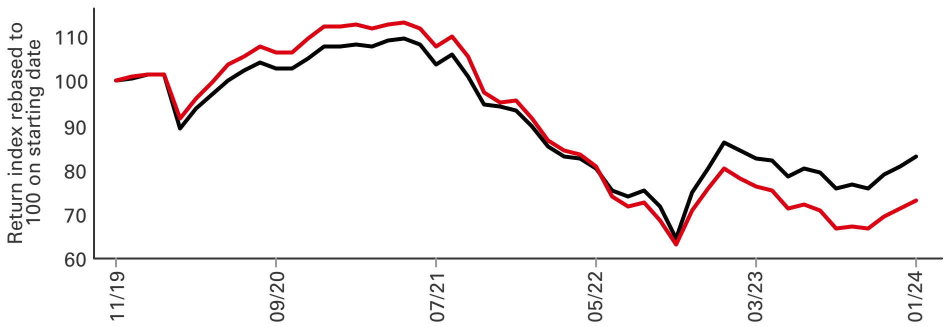
Investment strategy

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 7.33**
Performance 1 month	**2.62%**
Yield to maturity	**10.49%**
Fund facts	
UCITS V compliant	**Yes**
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 633,150,652**
Reference benchmark	**100% JACI Non-Investment Grade Corporate Index**
Managers	**Alfred Mui Ming Leap**
Fees and expenses	
Minimum Initial Investment	**USD 10,000,000**
Ongoing Charge Figure[1]	**0.706%**
Codes	
ISIN	**LU2065168523**
Valoren	**51361926**
Bloomberg ticker	**HSAHYXC LX**

[1]Ongoing Charges Figure is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.
This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.
For definition of terms, please refer to the Glossary QR code and Prospectus.
Source: HSBC Asset Management, data as at 31 January 2024

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
XC	**2.62**	**2.62**	**9.85**	**3.58**	**-8.92**	**-13.19**	**--**	**-7.16**
Reference benchmark	2.66	2.66	9.54	4.59	-3.72	-8.32	--	-4.38

Rolling Performance (%)	31/01/23-31/01/24	31/01/22-31/01/23	31/01/21-31/01/22	31/01/20-31/01/21	31/01/19-31/01/20
XC	**-8.92**	**-12.24**	**-18.15**	**10.21**	**--**
Reference benchmark	-3.72	-3.91	-16.70	6.20	--

3-Year Risk Measures	XC	Reference benchmark
Volatility	14.80%	15.54%
Sharpe ratio	-1.04	-0.68
Tracking error	3.27%	--
Information ratio	-1.49	--

5-Year Risk Measures	XC	Reference benchmark
Volatility	--	--
Sharpe ratio	--	--
Tracking error	--	--
Information ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	172	238	--
Yield to worst	10.36%	11.92%	-1.56%
Yield to maturity	10.49%	12.12%	-1.62%
Modified Duration to Worst	2.90	2.61	0.29
Option Adjusted Spread Duration	3.10	3.04	0.06
Average maturity	4.76	4.08	0.69
Rating average	BB/BB-	BB/BB-	--
Number of issuers	94	129	--

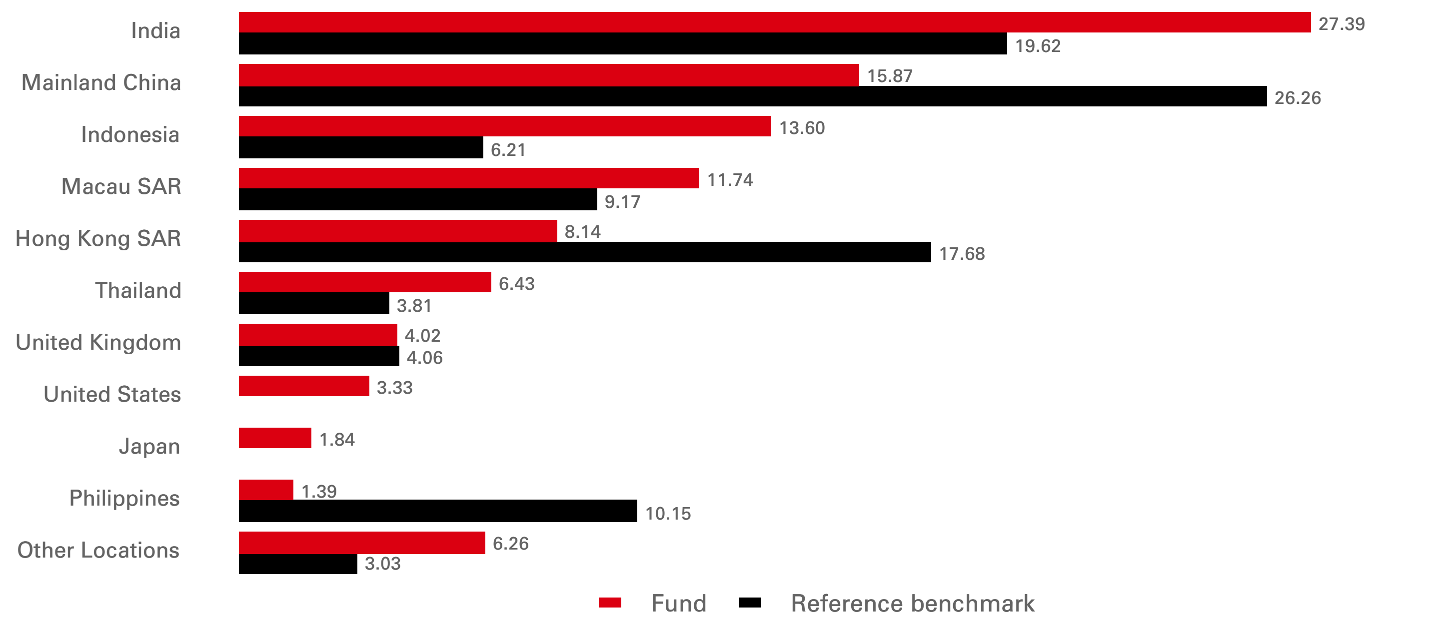
Credit rating (%)	Fund	Reference benchmark	Relative
AA	2.06	--	2.06
A	0.62	0.42	0.20
BBB	6.35	0.91	5.44
BB	58.46	59.01	-0.56
B	17.71	11.94	5.78
CCC	5.68	2.68	2.99
CC	1.64	1.38	0.26
C	0.01	0.02	-0.01
D	0.51	--	0.51
NR	4.97	23.64	-18.67
Cash	2.00	--	2.00

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.35	0.47	-0.12
2-5 years	1.12	1.13	-0.01
5-10 years	0.47	0.49	-0.02
10+ years	0.82	0.31	0.50
Total	**2.76**	**2.41**	**0.35**

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.
Source: HSBC Asset Management, data as at 31 January 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	97.25	100.00	-2.75
IDR	0.83	--	0.83
KRW	0.73	--	0.73
THB	0.36	--	0.36
CNH	0.26	--	0.26
INR	0.24	--	0.24
JPY	0.24	--	0.24
SGD	0.09	--	0.09
AUD	0.01	--	0.01
HKD	0.00	--	0.00
Other Currencies	-0.02	--	-0.02

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Consumer Cyclical	20.43	18.02	2.41
Banks	15.61	23.35	-7.74
Energy	12.89	9.28	3.61
Real Estate	12.09	16.80	-4.71
Basic Materials	8.78	5.29	3.48
Utilities	6.69	8.98	-2.30
Government	4.39	--	4.39
Industrial	3.35	3.36	-0.01
Investment Companies	3.25	3.77	-0.52
Communications	3.12	3.25	-0.13
Other Sectors	7.42	7.90	-0.48
Cash	2.00	--	2.00

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

Top 10 Holdings	Weight (%)
KASIKORNBANK PCL 5.275	2.18
GREENKO WIND 5.500 06/04/25	1.95
CA MAGNUM HLDING 5.375 31/10/26	1.82
MELCO RESORTS 5.250 26/04/26	1.78
WYNN MACAU LTD 5.625 26/08/28	1.73
BANGKOK BANK/HK 5.000	1.63
WYNN MACAU LTD 5.500 15/01/26	1.61
CONTINUUM ENERGY 9.500 24/02/27	1.60
MEDCO OAK TREE 7.375 14/05/26	1.59
VEDANTA RESOURCE 13.875 09/12/28	1.47

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

Monthly performance commentary

Market Review

The Asia credit market posted slight positive returns in January. The US Treasury market experienced a selloff with longer dated yields rose more consistently throughout the month as data continued to point to resilience in the US economy. Overall, 2-year treasury yields fell 4bps while 10-year yields rose 3 bps. High yield (HY) bonds outperformed investment grade (IG) bonds as HY spreads tightened to a greater extent than IG spreads. In the IG space, the best performer was India infrastructure due to the strong Q3 earnings results of a conglomerate. Philippines financials also saw spreads tightening. Indian utilities also performed well due to the robust earnings of a conglomerate's key group entities. On the other hand, Malaysia transport and Indonesia sovereign were top detractors. Hong Kong infrastructure also saw spreads widening. In the HY area, the best performers were India metals & mining as a company completed its debt restructuring exercise. China oil & gas and China consumer also saw spread compression on the rollout of additional stimulus measures in China. On the contrary, Sri Lanka sovereign was top detractor as the nation was still in the progress of reaching final agreement on debt restructuring with its official lenders. Maldives and Mongolia sovereign saw spreads widening.

Portfolio strategy

The fund returned positively while underperforming the benchmark for January amid slightly higher US treasury yields. On a relative basis, the fund's credit exposure detracted the most, mainly from our underweight in weaker China property developers given the strong technical rebound in the sector. Our overweight in Japan bank subordinated debt and Macau gaming also detracted. Conversely, the fund benefited from our favourable selection in Indonesia property, India HY renewables and Thai bank subordinated debt. Over the month, we added some Macau gaming exposure amid positive sector fundamental. On the other hand, we trimmed our exposure in the China TMT sector. In terms of positioning, we remained underweight the China property sector, as the physical housing market remained weak given the continual decline in home sales. We 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. 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

Asian economies should continue to have strong growth momentum and more favourable macro dynamics versus the West this year. With global rates reaching their peak, expectations of monetary easing in the US and across Asia, and China set to benefit from more fiscal and monetary support, are all positive to Asian bonds. The steady earnings trends and stabilized macro should help to cushion the Asia investment grade market from downgrades or defaults. This market comprises high-quality issuers including state-owned names and global conglomerates with strong funding access and relationships with banks. Asia investment grade market will continue to stay resilient and be a source of diversification for global investors. A Fed pivot should provide a big lift to the overall credit market, which will be supportive for spread tightening for Asia investment grade bonds. On a valuation standpoint, Asia credit yields are enticing compared to historical average. Meanwhile, the technical support should remain strong for Asia credit in 2024 as the net supply is expected to stay negative for the overall Asia credit market following three years of decline in gross issuance. Overall, we are constructive on Asia credit returns. Considering the reduced size of the China property sector within the overall Asia credit market, the high yield market has become more diversified. Although we anticipate more policy measures to support the China property sector, we do not foresee a significant upturn in the housing market. Nevertheless, there are opportunities outside of China that offer competitive yields and are likely to remain attractive. In the Indian high yield market, positive macroeconomic factors could lead to more positive rating actions. Furthermore, Macau's leisure industry continues to experience robust recovery with growing visitor numbers and gross gaming revenue. This positive momentum is expected to continue, potentially leading to further rating upgrades. Valuation-wise, investors could still enjoy some decent returns as yields remain compelling 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.
- Further information on the potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

Follow us on:

HSBC Asset Management

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www.assetmanagement.hsbc.com/ch

Glossary

Index Disclaimer

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.

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The presented fund is authorised for distribution in Switzerland in the meaning of Art. 120 CISA.
The fund presented in this document is a sub-fund of HSBC Global Investment Funds, an investment company constituted as a société à capital variable domiciled in Luxemburg. The shares in HSBC Global Investment Funds have not been and will not be registered under the US Securities Act of 1933 and will not be sold or offered in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons. Further Information can be found in the prospectus.
Source: HSBC Asset Management, data as at 31 January 2024