HSBC Asset Management

HSBC Global Investment Funds

US DOLLAR BOND

Monthly report 31 January 2024 | Share class AC

Investment objective

The Fund aims to provide capital growth and income by investing in a portfolio of investment grade bonds denominated in US dollars (USD), while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.

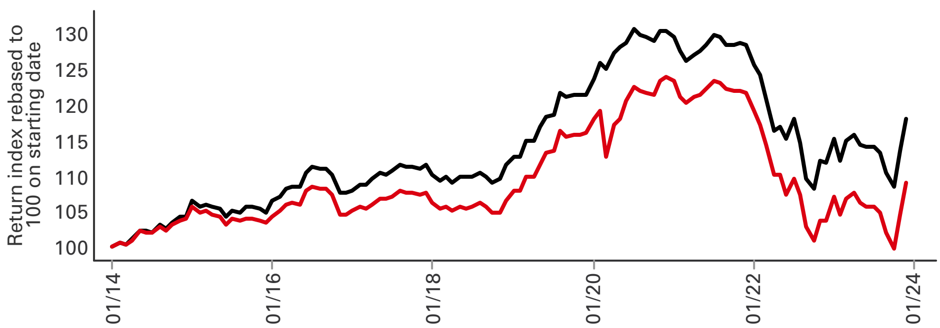
Investment strategy

The Fund is actively managed.The Fund will invest primarily in bonds (types of fixed income securities) issued in developed markets. The asset classes the Fund may invest in include but are not limited to: developed markets sovereigns, developed markets investment grade corporate securities, developed markets high yield corporate securities and emerging markets securities.The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process to reduce risk and enhance returns. The Fund will not invest in bonds issued by companies with involvement in specific excluded activities, such as: companies involved in the production of controversial weapons and tobacco; companies with more than 10% revenue generated from thermal coal extraction; and companies with more than 10% revenue generated from coal-fired power generation. The Fund may invest up to 50% in asset-backed securities and mortgage-backed securities.The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds.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.

Performance



Share Class Details

Key metrics	
NAV per Share	**USD 16.28**
Performance 1 month	**-0.28%**
Yield to maturity	**4.69%**
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	**23 October 2003**
Fund Size	**USD 313,551,122**
Reference benchmark	**100% Bloomberg US Aggregate**
Managers	**Jerry Samet**
Fees and expenses	
Minimum Initial Investment	**USD 5,000**
Ongoing Charge Figure[1]	**1.000%**
Codes	
ISIN	**LU0165076018**
Valoren	**1579153**
Bloomberg ticker	**HSBUSAC 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	10 years ann
AC	**-0.28**	**-0.28**	**8.70**	**2.83**	**1.45**	**-4.12**	**0.14**	**0.83**
Reference benchmark	-0.27	-0.27	8.23	3.15	2.10	-3.17	0.83	1.63

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	31/01/18-31/01/19	31/01/17-31/01/18	31/01/16-31/01/17	31/01/15-31/01/16	31/01/14-31/01/15
AC	**1.45**	**-10.20**	**-3.26**	**4.46**	**9.38**	**1.39**	**1.31**	**0.58**	**-1.25**	**5.72**
Reference benchmark	2.10	-8.36	-2.97	4.72	9.64	2.25	2.15	1.45	-0.16	6.61

3-Year Risk Measures	AC	Reference benchmark
Volatility	6.94%	7.13%
Sharpe ratio	-0.92	-0.76
Tracking error	1.25%	--
Information ratio	-0.76	--

5-Year Risk Measures	AC	Reference benchmark
Volatility	6.69%	6.09%
Sharpe ratio	-0.27	-0.18
Tracking error	2.74%	--
Information ratio	-0.25	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	165	13,334	--
Average coupon rate	4.50	3.20	1.30
Yield to worst	4.65%	4.59%	0.05%
Current yield	3.48%	2.41%	1.06%
Option Adjusted Duration	6.74	6.22	0.52
Option Adjusted Spread Duration	6.36	6.07	0.28
Average maturity	9.25	8.37	0.88
Rating average	AA/AA-	AA/AA-	--

Credit rating (%)	Fund	Reference benchmark	Relative
AAA	3.38	4.26	-0.88
AA	66.71	71.65	-4.94
A	14.66	11.67	2.99
BBB	14.98	12.42	2.56
BB	0.27	--	0.27

Geographical Allocation (Option Adjusted Duration)	Fund	Reference benchmark	Relative
United States	6.09	5.84	0.25
United Kingdom	0.20	0.05	0.14
France	0.14	0.00	0.13
Italy	0.11	0.00	0.11
Germany	0.07	0.01	0.05
Canada	0.07	0.06	0.01
Belgium	0.02	0.02	0.00
Spain	0.01	0.01	0.01
Ireland	0.01	0.00	0.01
Others	0.01	--	0.01
Other Locations	0.00	0.22	-0.21
Cash	0.00	--	0.00
Total	**6.74**	**6.22**	**0.52**

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

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.12	0.16	-0.04
2-5 years	1.25	0.94	0.31
5-10 years	2.64	2.56	0.08
10+ years	2.73	2.56	0.17
Total	**6.74**	**6.22**	**0.52**

Sector Allocation (%)	Fund	Reference benchmark	Relative
Treasuries	38.98	41.84	-2.86
US Agency Mbs	27.67	26.52	1.15
Corp Fin	20.27	8.19	12.08
Corp Non-fin	10.92	16.58	-5.66
Collateralised	2.02	2.12	-0.09
Supra/agencies	0.14	4.76	-4.61
Other	0.00	--	0.00

Top 10 Holdings	Weight (%)
US TREASURY N/B 3.750 31/12/30	7.04
US TREASURY N/B 4.375 15/12/26	4.49
US TREASURY N/B 4.125 15/08/53	4.42
US TREASURY N/B 3.625 31/05/28	3.39
FNCL 2 2/24 2.000	3.33
US TREASURY N/B 4.000 15/01/27	3.16
FNCL 2.5 2/24 2.500	3.12
US TREASURY N/B 4.125 31/07/28	3.03
FNCI 2 2/24 2.000	2.13
US TREASURY N/B 3.250 15/05/42	1.94

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

Monthly performance commentary

January was characterized by a continued risk asset rally fuelled by strong US growth data, a resilient consumer and subdued inflation at the same time as markets were anticipating a dovish Fed with markets pricing rate cuts as soon as March. This was partly offset by concerns around the conflict in the Middle East and the implications it may have on global growth due to higher oil prices, disrupted shipping, and higher transport costs. Credit markets were broadly positive over the month delivering another month of positive total return. Monthly supply in IG issuance was $99.5 billion, as January issuance picked up following the holiday season. HY saw a similar pick up in January with $28.4 billion issued over the month. US Treasuries saw the curve normalize somewhat with yields on short dated maturities falling while longer dated bonds saw yields rise over the month with the 2, 5, 10 and 30 year moving -4, -1, 3 and 14 basis points to finish the month at 4.21%, 3.84%, 3.91% and 4.17% respectively. January saw US IG credit spreads tightened by 2 bps. In this market context the fund's benchmark returned -0.27% over the month.

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

From a sector perspective the underweight to treasuries and agencies and overweight to MBS was negative for performance as Treasuries and agencies outperformed MBS. This was partially offset by the overweight to corporates which outperformed other segments. Within the corporate allocation, the overweight to financials and underweight to non financials was beneficial as financials outperformed over the month. The exposure to lower rated bonds was a positive contributor as they outperformed higher rated bonds. Duration positioning had a negative contribution overall as positive effects from curve normalization were offset by negative effects from the overall overweight to duration.

The strategy is overweight corporate bonds and MBS and underweight Treasuries and Supra/Agencies. Within corporate credit the portfolio is overweight corporate financials and underweight corporate non financials. The strategy duration is 0.52 years overweight the benchmark at 6.74 on an option adjusted basis. This is taken through an overweight to the 2-5 and 5-10 year segments and an underweight to the 0-2 and 10+ year segments on a contribution to duration basis. With regards to ratings, the strategy is in line with the benchmark with an average rating at AA/AA- with an underweight to AAA and AA rated bonds and an overweight to A and BBB rated bonds. The fund also has a small off benchmark exposure to BB rated bonds of less than 0.3%.

Outlook

Early February saw a change in market sentiment as Fed comments dashed investor optimism around March rate cuts with markets repricing for a more hawkish stance. As a result, risk assets have sold off and spreads have slightly widened out. While this hasn't changed the underlying fundamentals of the economy, which remains solid, or the expectations for a soft landing, it has moved spreads away from the historical tight levels they had been bumping up against. Our expectation is that the global economy will slow, and the fed will begin to cut rates towards the middle of the year. As a result, over the longer term we still expect that spreads are more likely to move wider as we move towards a slowdown with more moderate inflation. 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. We also remain 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 threat 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.

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.
- Further information on the potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

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HSBC Asset Management

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Glossary

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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.

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

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The presented fund is authorised for distribution in Switzerland in the meaning of Art. 120 CISA.
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Further Information can be found in the prospectus.