HSBC Asset Management

HSBC Global Investment Funds

EURO HIGH YIELD BOND

Monthly report 31 January 2024 | Share class AD

Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of High Yield bonds (denominated in Euro), while promoting environmental, social and governance (ESG) characteristics. The Fund also aims to achieve a higher ESG rating than the weighted average of the constituents of its reference benchmark. The Fund qualifies under Article 8 of SFDR.

Investment strategy

The Fund is actively managed and is not constrained by a benchmark.
In normal market conditions, the Fund will invest at least 90% of its assets in non-investment grade bonds and other higher yielding securities (including unrated bonds), issued by companies or by governments, government-related entities, supranational entities, that are based in developed markets and emerging markets.
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 15% in contingent convertible securities and up to 10% in other funds.
The Fund's primary currency exposure is to Euro.
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.

Share Class Details

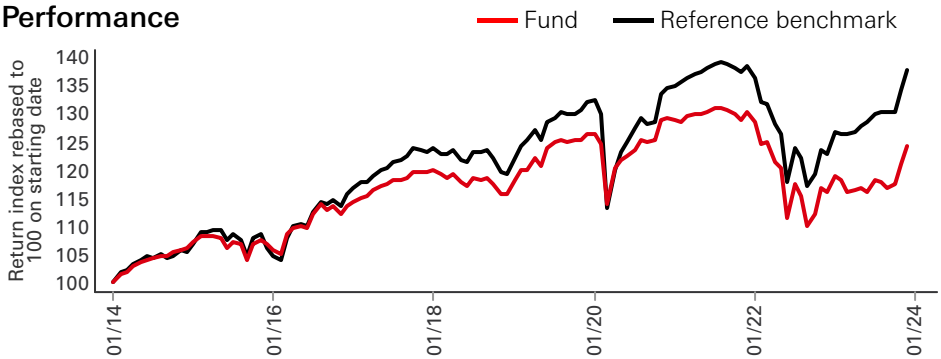
Key metrics	
NAV per Share	**EUR 21.08**
Performance 1 month	**0.91%**
Yield to maturity	**5.24%**
Fund facts	
UCITS V compliant	**Yes**
Subscription mode	**Cash**
Dividend treatment	**Distributing**
Distribution Frequency	**Annually**
Dividend ex-date	**31 May 2023**
Dividend annualised yield	**2.86%**
Last Paid Dividend	**0.559618**
Dealing frequency	**Daily**
Valuation Time	**17:00 Luxembourg**
Share Class Base Currency	**EUR**
Domicile	**Luxembourg**
Inception date	**16 December 2003**
Fund Size	**EUR 804,985,515**
Reference benchmark	**100% ICE BofA Euro High Yield BB-B Constrained (net of transaction costs)**
Managers	**Philippe Igigabel Sophie Sentilhes**
Fees and expenses	
Minimum initial investment (SG)[1]	**USD 5,000**
Maximum initial charge (SG)	**3.100%**
Management fee	**1.100%**
Codes	
ISIN	**LU0165128421**
Bloomberg ticker	**HSBECAD LX**

[1]Please 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.
Source: HSBC Asset Management, data as at 31 January 2024

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Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AD	**0.91**	**0.91**	**6.70**	**6.12**	**5.48**	**-0.89**	**1.23**
Reference benchmark	0.70	0.70	6.67	6.77	9.67	0.93	2.61

Calendar year performance (%)	2019	2020	2021	2022	2023
AD	**9.17**	**2.21**	**0.92**	**-11.06**	**7.30**
Reference benchmark	10.71	1.92	2.85	-11.33	12.29

Carbon footprint	Fund	Reference benchmark
Carbon intensity emissions	127.61	168.41

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO^2e/USD million)
Source of analytics: Trucost

MSCI ESG Score	ESG score	E	S	G
Fund	7.5	7.7	5.4	6.1
Reference benchmark	6.1	6.8	4.9	5.3

3-Year Risk Measures	AD	Reference benchmark
Volatility	7.95%	7.39%
Sharpe ratio	-0.24	-0.01
Tracking error	1.84%	--
Information ratio	-0.99	--

5-Year Risk Measures	AD	Reference benchmark
Volatility	8.11%	9.08%
Sharpe ratio	0.10	0.24
Tracking error	2.64%	--
Information ratio	-0.52	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	121	649	--
Yield to worst	4.89%	5.67%	-0.78%
Yield to maturity	5.24%	5.95%	-0.71%
OAD	2.72	2.73	-0.01
Modified Duration to Worst	2.81	2.91	-0.10
Option Adjusted Spread Duration	3.68	3.07	0.61
Average maturity	4.74	3.70	1.04
Rating average	BBB-/BB+	BB/BB-	--
Minimum rating	BBB-/BB+	BB/BB-	--
Number of issuers	87	326	--

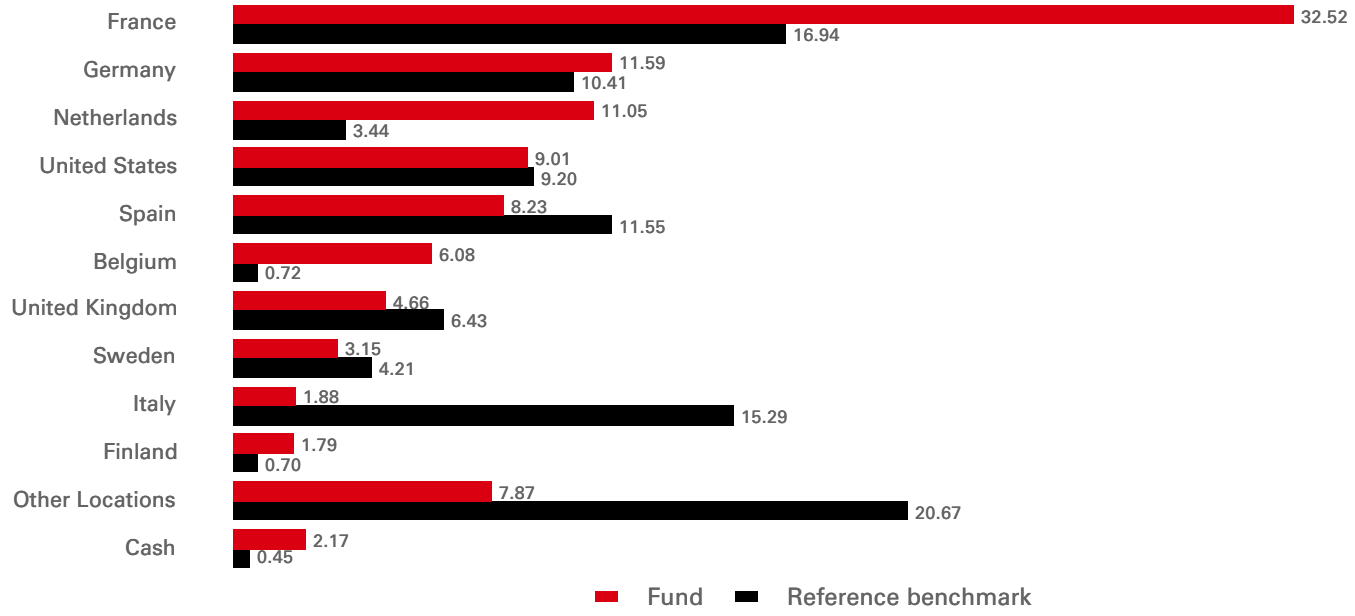
Credit rating (%)	Fund	Reference benchmark	Relative
A	5.83	--	5.83
BBB	23.37	--	23.37
BB	59.09	64.77	-5.68
B	8.09	32.50	-24.42
CCC	0.88	2.28	-1.41
C	0.21	--	0.21
NR	0.37	--	0.37

Maturity Breakdown (OAD)	Fund	Reference benchmark	Relative
0-2 years	0.19	0.27	-0.07
2-5 years	1.23	1.78	-0.55
5-10 years	0.92	0.57	0.34
10+ years	0.38	0.11	0.27
Total	**2.72**	**2.73**	**-0.01**

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Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	23.36	12.54	10.82
Utility	12.27	4.11	8.16
Automotive	11.88	9.72	2.16
Telecommunications	9.73	14.56	-4.83
Insurance	6.37	0.38	5.99
Basic Industry	5.28	8.59	-3.30
Transportation	4.23	3.11	1.12
Real Estate	3.89	3.71	0.18
Technology & electronics	3.63	3.89	-0.27
Healthcare	3.45	7.85	-4.41
Other Sectors	13.74	31.09	-17.34
Cash	2.17	0.45	1.73

Top 10 Holdings	Weight (%)
VEOLIA ENVRNMT 2.500	3.17
TENNET HLD BV 2.995	3.14
ORANGE 5.000	2.09
RCI BANQUE 2.625 18/02/30	2.06
KBC GROUP NV 4.250	2.02
LA POSTE SA 3.125	1.99
EC FINANCE 3.000 15/10/26	1.96
AXA SA 3.941	1.79
VODAFONE GROUP 2.625 27/08/80	1.70
LA BANQUE POSTAL 3.875	1.69

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

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Monthly performance commentary

2024 started on a positive note for the Euro High Yield market with a positive return in January. This came mostly from the carry of the bonds as a 12bps spread tightening was entirely offset by higher government bond yields. The month started on a relatively weak note as central bankers pushed back on investors' aggressive rate cut expectations, but the market then strengthened as the underlying picture of decreasing inflation opening the door to rate cuts remained supported by incoming data.

Given the much-improved mood among investors, compared to a few months ago, and the high amount of debt to be refinanced (a consequence of the low level of issuance in 2022 and 2023), it was no surprise to see higher activity on the primary market. It was no deluge however as many leveraged issuers chose to get part or all of their funding on the loan market. If market conditions remain decent, we expect to see continued high issuance volumes in the months to come.

From a valuation perspective we are impressed by the tight spread level of the single-B category, which is trading at its 27th percentile (calculated over the past 10 years). These issuers are highly leveraged and therefore very sensitive to financing costs, which are now higher, and to economic conditions, which remain weak in the Eurozone, even if recession risks have receded somewhat recently. We therefore underweight significantly this rating category.

Our market exposure decreased during the month as all our investments were in the relatively defensive BB and BBB rating categories. We participated to new issues from Mundys (new name of Atlantia, BB), National bank of Greece (at the Senior Preferred level, BB), Logicor (logistics real estate, BBB), CTP (logistics real estate, BBB) and BBVA Tier 2 (BBB). The financial sector provides the best opportunities in our view, but some segments of the real estate sector also look interesting in a scenario of lower yields.

The stocks mentioned are for illustrative purposes only and are not investment advice, investments have risks.
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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.
- 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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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 and underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

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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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Company Registration No. 198602036R
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Source: HSBC Asset Management, data as at 31 January 2024

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Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC EUR	0.91	0.91	6.71	6.11	5.49	-0.90	1.23
ACHCAD CAD	--	--	--	--	--	--	--
ACHUSD USD	1.02	1.02	7.17	6.98	7.48	0.78	3.08
AD EUR	0.91	0.91	6.70	6.12	5.48	-0.89	1.23
AM2 EUR	0.91	0.91	6.71	6.12	5.49	-0.90	1.23
IC EUR	0.96	0.96	6.87	6.43	6.12	-0.30	1.84

Calendar year performance (%)	2019	2020	2021	2022	2023
AC EUR	9.18	2.20	0.92	-11.08	7.31
ACHCAD CAD	--	--	--	--	--
ACHUSD USD	12.31	3.65	1.73	-9.10	9.50
AD EUR	9.17	2.21	0.92	-11.06	7.30
AM2 EUR	9.18	2.20	0.92	-11.08	7.31
IC EUR	9.84	2.82	1.53	-10.54	7.95

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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	EUR	--	--	--	--
ACHCAD	CAD	--	--	--	--
ACHUSD	USD	--	--	--	--
AD	EUR	Annually	31 May 2023	0.559618	2.86%
AM2	EUR	Monthly	31 January 2024	0.046797	6.10%
IC	EUR	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	4 April 2003	LU0165128348	EUR	USD 5,000	44.44	1.100%	Accumulating
ACHCAD	28 October 2016	LU0871577259	CAD	USD 5,000	11.17	1.100%	Accumulating
ACHUSD	9 September 2015	LU0871577416	USD	USD 5,000	13.69	1.100%	Accumulating
AD	16 December 2003	LU0165128421	EUR	USD 5,000	21.08	1.100%	Distributing
AM2	20 March 2014	LU0871576368	EUR	USD 5,000	9.47	1.100%	Distributing
IC	4 April 2003	LU0165129072	EUR	USD 1,000,000	50.75	0.550%	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.

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 + (dividend amount / 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 January 2024

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