

HSBC Global Investment Funds

GLOBAL EMERGING MARKETS BOND

Monthly report 31 January 2024 | Share class IC



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of emerging market bonds.



Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will mostly invest its assets in investment grade and non-investment grade bonds issued by governments, government-related entities, supranational entities and companies based in emerging markets. The Fund may invest up to 30% of its assets in securities issued by a single government issuer with a non-investment grade credit rating. The Fund may invest up to 10% of its assets 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 convertible bonds. The Fund may also invest up to 10% of its assets in contingent convertible securities. The Fund may invest up to 10% of its assets in total return swaps and up to 10% in other funds. The Fund's primary currency exposure is to US dollars. See the Prospectus for a full description of the investment objectives.



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	USD 38.58
Performance 1 month	-0.91%
Yield to maturity	11.06%

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	8 March 2006
Fund Size	USD 1,152,923,881
Reference benchmark	100% JP Morgan EMBI Global Diversified
Managers	Scott Davis Jaymeson Paul Kumm

Fees and expenses

Minimum initial investment (SG) ¹	USD 1,000,000
Maximum initial charge (SG)	3.100%
Management fee	0.500%

Codes

ISIN	LU0164944026
Bloomberg ticker	HSBCGLB 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.

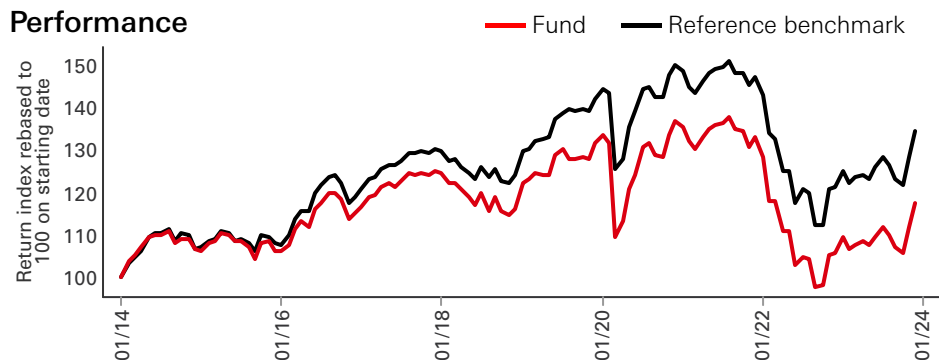
This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

Reference Performance Benchmark: JP Morgan EMBI Global Diversified since 8 Dec 2020. Previously JP Morgan EMBI Global from 1 Jan 2000 to 7 Dec 2020. Prior to that, the benchmark was JP Morgan EMBI.

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
IC	-0.91	-0.91	10.05	3.93	6.24	-5.00	-0.97
Reference benchmark	-1.02	-1.02	9.53	3.66	6.58	-3.54	0.56

Calendar year performance (%)	2019	2020	2021	2022	2023
IC	13.23	4.07	-2.75	-20.67	11.06
Reference benchmark	14.42	5.71	-1.80	-17.78	11.09

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	11.44%	10.69%	Volatility	12.91%	10.99%
Sharpe ratio	-0.63	-0.54	Sharpe ratio	-0.22	-0.12
Tracking error	1.64%	--	Tracking error	2.80%	--
Information ratio	-0.89	--	Information ratio	-0.55	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	274	944	--
Average coupon rate	6.17	5.34	0.83
Yield to worst	11.06%	8.36%	2.70%
OAD	6.65	6.53	0.12
Modified Duration to Worst	6.92	6.70	0.22
Option Adjusted Spread Duration	5.84	6.62	-0.78
Average maturity	11.26	11.16	0.10
Rating average	BB+/BB	BBB-/BB+	--

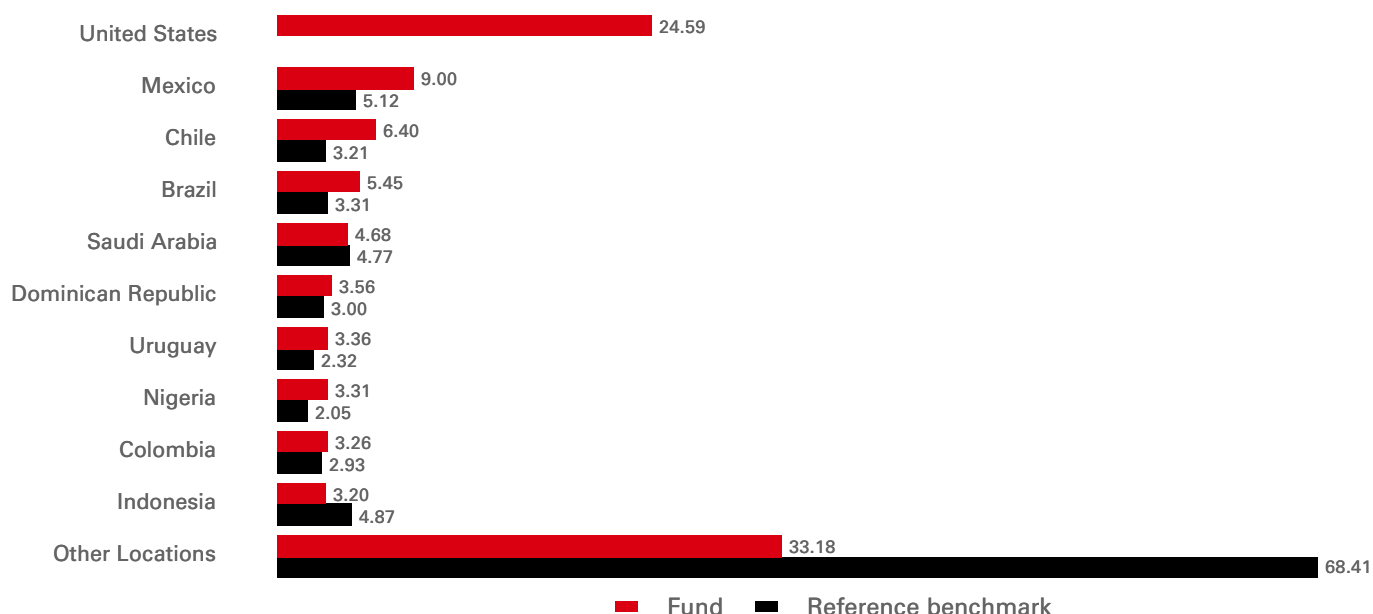
Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (%)	Fund	Reference benchmark	Relative
AAA	20.69	--	20.69	0-2 years	15.46	10.99	4.47
AA	4.23	6.59	-2.36	2-5 years	20.26	24.49	-4.22
A	7.57	15.98	-8.41	5-10 years	28.33	30.23	-1.91
BBB	24.01	27.58	-3.57	10+ years	35.95	34.29	1.66
BB	25.88	22.23	3.65				
B	18.58	19.04	-0.46				
CCC	6.26	5.43	0.83				
CC	0.49	0.75	-0.25				
C	0.19	0.04	0.15				
D	3.16	2.24	0.92				
NR	-2.73	0.12	-2.85				
Cash	4.42	--	4.42				
Cash Offset	-12.75	--	-12.75				

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Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	97.44	100.00	-2.56
BRL	1.13	--	1.13
MXN	0.85	--	0.85
IDR	0.56	--	0.56
SGD	0.02	--	0.02
EUR	0.02	--	0.02
CHF	0.01	--	0.01
AUD	0.01	--	0.01
ZAR	0.00	--	0.00
PLN	0.00	--	0.00
Other Currencies	-0.03	--	-0.03

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Government	80.34	82.43	-2.08
Energy	15.38	8.11	7.27
Basic Materials	4.50	1.78	2.73
Financial	4.50	3.64	0.87
Utilities	3.31	2.35	0.97
Industrial	1.65	0.91	0.74
Consumer Non cyclical	1.06	0.66	0.41
Communications	0.32	--	0.32
Consumer Cyclical	--	0.14	-0.14
credit default swap index	-2.74	--	-2.74
Other Sectors	-12.75	--	-12.75
Cash	4.42	--	4.42

Top 10 Holdings	Weight (%)
DOMINICAN REPUBBL 5.500 22/02/29	1.89
URUGUAY 5.750 28/10/34	1.33
CODELCO INC 5.125 02/02/33	1.21
PETROLEOS MEXICA 7.690 23/01/50	1.18
BRAZIL NTN-F 10.000 01/01/33	1.13
QATAR STATE OF 5.103 23/04/48	1.03
IVORY COAST-PDI 6.125 15/06/33	1.00
PARAGUAY 5.850 21/08/33	0.98
ARGENTINA 0.750 09/07/30	0.97
KAZMUNAYGAS NAT 4.750 19/04/27	0.96

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

Monthly performance commentary

Market review

Momentum in EMD assets faded in January as the market repriced rate cut expectations by the Fed leading to negative returns. Hard currency returns were hurt by wider spreads, while local returns declined due to a strengthening USD despite the small drop in local yields. Performance in January took a breather after strong excess returns in the previous two months. The US economy posted strong data which created volatility as market makers were reassessing the Fed rate cuts. At the FOMC meeting, Chair Powell reaffirmed their data dependency, and all but took March rate cuts off the table. EM central banks continue to remain mixed, with Latam and CEEMEA countries easing policy rates, while Asian countries remain on hold. In China, weakness continues in the data prints and the onshore equity market had double-digit negative returns over the month, prompting the government to intervene. Geopolitical events have been on the rise with escalation in the Red Sea which is leading to higher oil prices and could disrupt shipping routes. On a technical standpoint, net new issuance in January was strong for both hard currency and corporates, with a combined \$41bn in new issues. Finally, flows into EMD were weak in January, with hard currency retail funds seeing the bulk of the outflows.

Performance

EM hard currency assets posted negative returns in January as spreads widened, and the market repriced rate cut expectations by the Fed. The fund outperformed the benchmark during the month. The outperformance was driven by security selection and asset allocation. The underweight position to spread duration added to relative returns as spreads widened over the period. Within asset allocation, the underweight positions to Jordan, Panama, the Philippines, and South Africa added to relative returns as these countries lagged the broader universe. In addition, the overweight to El Salvador added to relative performance as spreads tightened during the month. Within Mexico, the overweight position added to relative returns, along with security selection to select high quality banking credits. From a security selection perspective, selection to quasi-sovereigns in Colombia, Peru, and Saudi Arabia, as well as Brazilian corporates added to relative returns over the month. In terms of detractors, off-benchmark positions to local rates and FX hurt relative returns. Select overweight exposure to SSA countries including Ivory Coast and Nigeria hurt relative performance as the underperformed the universe. Lastly, the underweight positions to select IG countries, such as China, Malaysia, and Romania hurt relative returns as they were able to withstand the volatility during the month.

Positioning

As spreads widened throughout the month, the fund slightly increased exposure to credit spreads taking advantage of attractive opportunities in the primary market. We also increased exposure to a US rates steepener, with the view the yield curve should continue to normalize as the FED embarks on its cutting cycle.

Outlook

2024 is shaping up to be a gangbusters year for Emerging Market Debt asset classes, thanks to a confluence of numerous factors. Firstly, the Federal Reserve has messaged 'peak rates' and returns from underlying duration exposures should be positive going forward, as interest rates are coming down and no longer going up. Emerging debt – especially the hard currency variety – is a long duration asset class and can benefit in an outsized way from the rebound after two years of relentless rate rises. Secondly, spreads are benefitting from both cyclical and fundamental factors. Cyclically, growth in EM is improving even as it slows in developed economies, providing an investment haven or defensive niche; and fundamental ratings upgrades after years of downward momentum and sovereign distress should spell markedly lower default rates than in US or European credit markets. Although January gave us a backup in credit spreads and a repricing of Fed rate cuts, we view this as a buying opportunity, as we see approximately 40 basis points of EM credit spread compression and 50 basis points of US Treasury yield decline from here to year-end 2024. January also marked a healthy issuance month, and technical factors should improve as new bond issues are digested over coming weeks. The period between the Fed's last rate hike and the first rate cut tends to be the sweet spot for this asset class historically, when improving liquidity in markets and financial conditions leads to euphoric spread levels and suppressed volatility, while the dollar weakens boosting EM balance of payments and corporate earnings. We estimate conservatively that EM hard currency and local currency bonds can land 2024 with a 10-20% return. Although it sounds lofty, this is in line with asset class returns at similar past cycle inflection points (1999, 2003, 2009, 2012, 2019) and is often the environment in which bonds outperform equities.

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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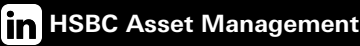
Benchmark disclosure

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 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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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.

HSBC Global Asset Management (Singapore) Limited

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Website: www.assetmanagement.hsbc.com/sg

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
AC USD	-0.98	-0.98	9.82	3.49	5.34	-5.81	-1.81
ACHCHF CHF	-1.34	-1.34	8.64	1.45	1.48	-8.14	-4.28
ACHEUR EUR	-1.12	-1.12	9.27	2.47	3.09	-7.74	-3.93
AD EUR	0.69	0.69	6.86	5.04	5.32	-2.22	-0.72
AD SGD	0.31	0.31	7.11	4.16	7.10	-5.58	-1.93
AD USD	-0.98	-0.98	9.82	3.49	5.34	-5.80	-1.80
AM2 SGD	0.31	0.31	7.12	4.15	7.10	-5.59	-1.93
AM2 USD	-0.98	-0.98	9.82	3.49	5.34	-5.81	-1.81
AM3HAUD AUD	-1.11	-1.11	9.32	2.56	3.58	-6.96	-3.02
AM3HEUR EUR	-1.13	-1.13	9.25	2.43	3.07	-7.73	-3.92
AM3HSGD SGD	-1.15	-1.15	9.24	2.41	3.51	-6.60	-2.61
IC USD	-0.91	-0.91	10.05	3.93	6.24	-5.00	-0.97
ID USD	--	--	--	--	--	--	--
PD EUR	0.72	0.72	6.93	5.17	5.59	-1.97	-0.47
PD SGD	0.33	0.33	7.18	4.28	7.37	-5.35	-1.68
PD USD	-0.96	-0.96	9.89	3.62	5.61	-5.56	-1.56
ZD USD	-0.85	-0.85	10.23	4.26	6.92	-4.38	-0.32

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 January 2024

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Supplemental information sheet

Calendar year performance (%)	2019	2020	2021	2022	2023
AC USD	12.27	3.19	-3.57	-21.34	10.12
ACHCHF CHF	8.49	1.15	-4.72	-23.20	6.13
ACHEUR EUR	8.87	1.31	-4.57	-23.55	7.62
AD EUR	14.34	-5.33	3.75	-16.17	6.39
AD SGD	10.76	1.43	-1.64	-21.74	8.31
AD USD	12.27	3.19	-3.57	-21.33	10.12
AM2 SGD	10.75	1.45	-1.63	-21.76	8.30
AM2 USD	12.26	3.21	-3.56	-21.36	10.12
AM3HAUD AUD	11.01	1.69	-4.01	-22.45	8.23
AM3HEUR EUR	8.86	1.34	-4.54	-23.52	7.61
AM3HSGD SGD	11.35	2.38	-3.72	-21.80	8.29
IC USD	13.23	4.07	-2.75	-20.67	11.06
ID USD	--	--	--	--	--
PD EUR	14.62	-5.09	4.01	-15.96	6.66
PD SGD	11.03	1.68	-1.39	-21.54	8.57
PD USD	12.55	3.45	-3.33	-21.13	10.39
ZD USD	13.97	4.75	-2.12	-20.14	11.76

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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	--	--	--	--
ACHCHF	CHF	--	--	--	--
ACHEUR	EUR	--	--	--	--
AD	USD	Annually	31 May 2023	0.860113	4.30%
AM2	USD	Monthly	31 January 2024	0.096249	8.39%
AM3HAUD	AUD	Monthly	31 January 2024	0.028725	7.11%
AM3HEUR	EUR	Monthly	31 January 2024	0.025664	6.48%
AM3HSGD	SGD	Monthly	31 January 2024	0.026468	6.51%
IC	USD	--	--	--	--
ID	USD	Annually	6 July 2022	0.671261	4.68%
PD	USD	Annually	31 May 2023	0.595802	4.57%
ZD	USD	Annually	31 May 2023	0.860615	5.93%

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 January 2024

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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	6 January 2011	LU0566116140	USD	USD 5,000	33.54	1.250%	Accumulating
ACHCHF	24 September 2012	LU0792945197	CHF	USD 5,000	8.03	1.250%	Accumulating
ACHEUR	13 December 2012	LU0811140721	EUR	USD 5,000	7.97	1.250%	Accumulating
AD	11 January 2011	LU0566116223	USD	USD 5,000	21.46	1.250%	Distributing
AM2	5 January 2011	LU0571531218	USD	USD 5,000	14.29	1.250%	Distributing
AM3HAUD	4 September 2012	LU0798789524	AUD	USD 5,000	5.00	1.250%	Distributing
AM3HEUR	12 September 2012	LU0798789797	EUR	USD 5,000	4.89	1.250%	Distributing
AM3HSGD	18 September 2012	LU0818609710	SGD	USD 5,000	5.02	1.250%	Distributing
IC	8 March 2006	LU0164944026	USD	USD 1,000,000	38.58	0.500%	Accumulating
ID	18 May 2009	LU0149732736	USD	USD 1,000,000	15.13	0.500%	Distributing
PD	9 July 1999	LU0099919721	USD	USD 50,000	14.01	1.000%	Distributing
ZD	9 August 2012	LU0151269650	USD	USD 1,000,000	15.74	0.000%	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.