

HSBC Global Investment Funds - Asia Bond

Share Class AC

28 Feb 2021

Fund Objective and Strategy

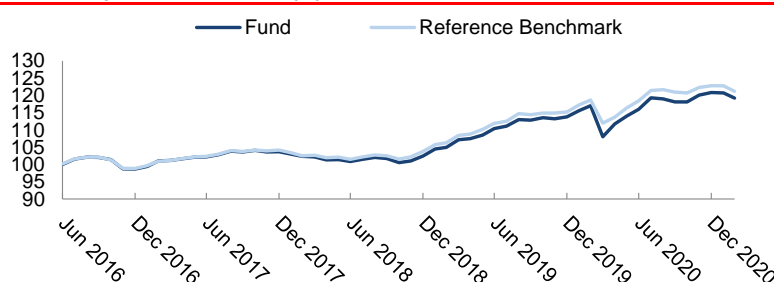
Investment Objective

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

Investment Policy

In normal market conditions, the Fund will invest at least 90% of its assets in investment grade and non-investment grade bonds issued by governments, government-related entities, supranational entities and companies based in or carry out the larger part of their business in Asia. The Fund may invest up to 10% 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 Real Estate Investment Trusts. The Fund may invest up to 10% in convertible and up to 10% in contingent convertible securities. The Fund may also invest up to 10% in asset-backed securities (ABS) and mortgage-backed securities (MBS). The Fund may invest up to 10% of its assets in securities issued by any single government issuer with a non-investment grade rating. 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. See the Prospectus for a full description of the investment objectives and derivative usage.

Since Inception Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Since Inception ¹
AC	-1.32	-1.21	-0.72	1.88	5.22	-	3.84
Reference Benchmark	-1.31	-1.26	-0.91	2.10	5.74	-	4.20

Rolling Performance (%)	29 Feb 2020- 28 Feb 2021	28 Feb 2019- 29 Feb 2020	28 Feb 2018- 28 Feb 2019	28 Feb 2017- 28 Feb 2018	29 Feb 2016- 28 Feb 2017
AC	1.88	11.49	2.56	1.32	-
Reference Benchmark	2.10	11.71	3.65	1.60	-

Share Class Details

UCITS V Compliant	Yes
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 5,000
Ongoing Charge Figure ²	1.450%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU1436995101
Share Class Inception Date	29 Jun 2016
NAV per Share	USD 11.92
Fund Size	USD 411,074,239
Bloomberg Ticker	HSBABAC LX
Reference Benchmark	MSCI Japan Net
Manager	Steven Wong Alfred Mui

¹Result is annualised when calculation period is over one year.

²Ongoing 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 is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES

Source: HSBC Global Asset Management, data as at 28 February 2021

Risk Disclosure

- 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.
- 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.
- Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.
- UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES.

3-Year Risk Measures	AC	Reference Benchmark	5-Year Risk Measures	AC	Reference Benchmark
Volatility	6.09%	4.92%	Volatility	-	-
Sharpe Ratio	0.57	0.82	Sharpe Ratio	-	-
Tracking Error	1.75%	-	Tracking Error	-	-
Information Ratio	-0.30	-	Information Ratio	-	-

Characteristics	Fund	Reference Benchmark	Relative	Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	459	1,365	-	Option Adjusted Spread	5.59	5.34	0.25
Yield to Worst (Gross)	3.35	2.92	0.44	Duration (OASD) ³			
Yield to Maturity (Gross)	3.55	2.93	0.62	Rating Average ⁴	BBB	A-/BBB+	-
Modified Duration to Worst	5.38	5.37	0.00	Maturity Average	7.28	7.06	0.22
				Number of Issuers	218	518	-

Credit Quality Rating Allocation (Market Value %)	Fund	Reference Benchmark	Relative	Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
AAA	0.25	0.87	-0.62	Real Estate	18.33	9.55	8.78
AA	1.58	6.86	-5.28	Banks	14.65	9.49	5.16
A	26.11	34.71	-8.60	Energy	13.26	12.92	0.34
BBB	41.39	43.98	-2.59	Utilities	9.34	8.24	1.10
BB	16.62	3.75	12.87	Diversified Finan serv	7.12	8.94	-1.83
B	9.83	3.85	5.98	Consumer Cyclical	6.49	3.28	3.20
CCC	-	1.16	-1.16	Communications	6.23	6.98	-0.74
CC	-	0.05	-0.05	Government	6.10	20.05	-13.95
NR	2.77	4.77	-2.00	Industrial	4.09	5.72	-1.62
Cash	1.45	-	1.45	Consumer Non cyclical	4.04	2.42	1.62
				Other Sectors	8.91	12.40	-3.50
				Cash	1.45	-	1.45

Sorted from highest to lowest rating. Cash is not included in any rating.

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference Benchmark	Relative
0-2 years	0.15	0.27	-0.11
2-5 years	1.41	1.22	0.18
5-10 years	2.04	1.83	0.21
10+ years	1.80	2.14	-0.34
Total	5.40	5.46	-0.06

Sorted from shortest to longest per the length of maturity.

Currency Allocation (Market Value %)	Fund	Reference Benchmark	Relative
USD	91.63	100.00	-8.37
CAD	2.89	-	2.89
SGD	2.66	-	2.66
CNH	1.89	-	1.89
CNY	0.87	-	0.87
EUR	0.06	-	0.06
AUD	0.00	-	0.00
GBP	0.00	-	0.00
IDR	0.00	-	0.00

Sorted from largest to smallest per market values of weight.

Top 10 Holdings (%)	Weight (%)
BANK MANDIRI PT 3.750 11/04/24	1.88
CHINA CONST BANK 2.450 24/06/30	0.97
DBS GROUP HLDGS 3.300	0.87
CMB INTERNATIONA 2.875 04/02/31	0.84
TENCENT HOLDINGS 3.975 11/04/29	0.77
PERUSAHAAN LISTR 6.150 21/05/48	0.69
PT PERTAMINA 6.450 30/05/44	0.67
INDONESIA (REP) 7.750 17/01/38	0.66
SF HOLDING INV 2.875 20/02/30	0.64
SHRIRAM TRANSPOR 4.400 13/03/24	0.64

Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
Real Estate	18.33	9.55	8.78
Banks	14.65	9.49	5.16
Energy	13.26	12.92	0.34
Utilities	9.34	8.24	1.10
Diversified Finan serv	7.12	8.94	-1.83
Consumer Cyclical	6.49	3.28	3.20
Communications	6.23	6.98	-0.74
Government	6.10	20.05	-13.95
Industrial	4.09	5.72	-1.62
Consumer Non cyclical	4.04	2.42	1.62
Other Sectors	8.91	12.40	-3.50
Cash	1.45	-	1.45

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

Geographical Allocation (Market Value %)	Fund	Reference Benchmark	Relative
Mainland China	47.92	47.35	0.57
Indonesia	14.15	12.70	1.45
India	9.05	6.81	2.23
Hong Kong SAR	8.37	6.36	2.00
Singapore	5.02	3.29	1.73
South Korea	3.94	8.76	-4.82
Philippines	3.14	5.01	-1.87
Macau SAR	2.52	0.65	1.87
Thailand	2.16	1.63	0.52
Malaysia	1.01	2.98	-1.97
Other Locations	1.28	4.45	-3.17
Cash	1.45	-	1.45

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

³Spread duration excludes interest rate futures and bond futures. We can force the local government spread duration to zero for certain funds on request.

⁴Average credit rating uses 'Index rating' which is an average of S&P, Fitch, Moody's. The average fund and benchmark rating does not include securities rated NR or NA.

Monthly Performance Commentary

Underperformance came primarily from credit exposure, driven by spread widening from long-dated bonds, such as those from Indonesia quasi-sovereign sector, as well as a rebound in certain sanctioned China oil major names. Credit underweight to sovereign bonds was able to provide some offset. Elsewhere, yield curve positioning detracted, led by an overweight to 7 to 10-year part of the curve. At the same time, FX impact was flat as our net-long and net-short exposure to selected Asian currencies offset each other. Over the month, we continue our relative value strategy by trimming exposure to selected long-dated investment grade bonds from the lower beta sectors such as India oil & gas, Philippine communication and sovereign sectors. At the same time, we looked for good investment opportunities in the primary market and participated in a number of new issuance deals including those from the Indonesia quasi sovereign, India financial and Korea consumer sectors.

As for positioning, the fund's key active sector positions remain broadly unchanged. It continues to hold an overweight stance in bank subordinated debt, including those from Mainland China, Korea and Singapore, given their relatively defensive nature and attractive yields. At the same time, we favour utilities names from India and Indonesia, especially those with strong earning visibility. We retain our overweight to China property sector on a selective basis as we expect greater credit differentiation following the new tightening rules. We like larger diversified developers, which have pre-funded their bond maturities this year and favourable profiles to benefit from industry consolidation and policies surrounding urbanisation. Conversely, we remain underweight sovereign and quasi-sovereign bonds from most markets due to their relatively tight valuations. Elsewhere, we are also underweight the China high yield state-owned enterprises and industrials sector given their heavy leverage and tight valuations. We continue to expect accommodative monetary policy stance in the US to buffer against the near-term economic downside risks. However, given the market optimism on global growth, we look to actively manage our duration exposure and have turned neutral to slight underweight in the fund's duration exposure.

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Terms of Glossary

Accumulation Share: a type of share where the income earned by the Fund is retained in the Fund

ACD: HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

Actively Managed: where the fund manager uses their expertise to pick investments to achieve the fund's objectives

Beta: an historical measure of volatility to measure how a fund moves versus its benchmark (i.e. an Index)

Bond(s): a loan, usually to a company or government, that pays interest

Bond Index Futures: a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date

Collective Investment Scheme: a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

Credit Rating: an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it

Developed Markets: countries with relatively high levels of personal income and established economies

Duration: a measure of how long it takes in years for an investor in a bond to recoup the price they paid for the bond from its interest payments. It provides an indication of how much bond prices are likely to change if and when interest rates change

Emerging Markets (EM): countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

Futures: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price

Growth: the increase in the value of investments

Government Bond or Gilt: a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government

Hedge Funds: an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

Hedge or Hedging: using derivative type investments as a way to reduce risk

High yield bond: a bond paying a higher level of interest but which has a lower credit rating than investment grade

Income: money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

Income Share: the type of Share where the income earned by the Fund is paid out to you

Information Ratio: a measure of the risk-adjusted return of a fund against its benchmark

Investment Grade: a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to it

Maturity: the period of time left for a bond or gilt to remain outstanding before the original loan and any final interest is repaid to the lender

Net Asset Value (NAV): the value of the scheme property of a fund less the liabilities of the fund

Ongoing Charges Figure: a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

Option adjusted duration (OAD): a duration value based on the probability of early redemption call by the bond issuer

Option adjusted spread duration (OASD): estimates the price sensitivity of a bond to a 100 basis-point movement (either widening or narrowing) in its spread relative to treasuries, taking into account the likelihood of early redemption

Property-related securities: shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

Return(s): the money made or lost on an investment

Share(s): an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations

Volatility: a measure of the size and frequency of changes in the value of an investment over a short space of time

Yield: the income from an investment, usually stated as a percentage of the value of the investment

Yield to Maturity: the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage

Yield to Worst: the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage