

HSBC Global Investment Funds - Global Emerging Markets Bond

Share Class ID

28 Feb 2021

Fund Objective and Strategy

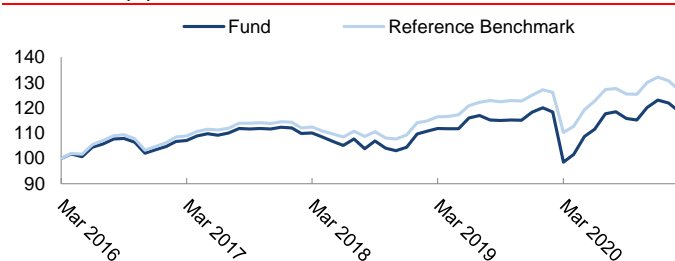
Investment Objective

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

Investment Policy

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. The Fund's primary currency exposure is to US dollars. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹
ID	-3.41	-2.45	-1.01	0.47	2.67	4.17
Reference Benchmark	-3.61	-2.55	-2.03	0.97	4.36	5.64

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
ID	0.47	6.86	0.79	2.96	10.10
Reference Benchmark	0.97	9.89	2.43	3.31	12.06

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.**

Share Class Details

UCITS V Compliant	Yes
Distribution Type	Distributing
Distribution Frequency	Annually
Dividend ex-date	08 Jul 2020
Dividend Yield ²	4.92%
Last Paid Dividend	0.9814
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 1,000,000
Ongoing Charge Figure ³	0.750%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU0149732736
Share Class Inception Date	18 May 2009
NAV per Share	USD 19.96
Fund Size	USD 2,065,683,573
Bloomberg Ticker	HSBCGEI LX
Reference Benchmark	JP Morgan EMBI Global Diversified
Manager	Jaymeson Paul Kumm Scott Davis

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

²Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value. □

³Ongoing 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.

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.

3-Year Risk Measures	ID	Reference Benchmark	5-Year Risk Measures	ID	Reference Benchmark
Volatility	13.04%	10.04%	Volatility	10.71%	8.58%
Sharpe Ratio	0.07	0.26	Sharpe Ratio	0.25	0.49
Tracking Error	3.53%	-	Tracking Error	2.76%	-
Information Ratio	-0.48	-	Information Ratio	-0.53	-

Characteristics	Fund	Reference Benchmark	Relative	Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	266	882	-	Modified Duration to Worst	8.41	7.77	0.64
Average Coupon	5.35	5.30	0.05	Option Adjusted Spread	7.82	7.66	0.16
Option Adjusted Duration (OAD)	8.44	7.91	0.54	Duration (OASD) ⁴			
Yield to Worst (Gross)	5.33	4.27	1.05	Rating Average ⁵	BB+/BB	BBB-/BB+	-
				Maturity Average	13.66	12.39	1.28

Credit Quality Rating Allocation (Economic Exposure %)	Fund	Reference Benchmark	Relative	Sector Allocation (Economic Exposure %)	Fund	Reference Benchmark	Relative
AAA	4.19	-	4.19	Government	64.84	82.13	-17.29
AA	4.57	6.83	-2.26	Energy	17.96	8.55	9.41
A	7.82	14.13	-6.31	Financial	4.99	2.97	2.02
BBB	24.01	32.22	-8.20	Utilities	2.53	2.27	0.26
BB	18.90	17.62	1.28	Basic Materials	2.40	2.04	0.35
B	32.47	23.90	8.58	Consumer Non cyclical	1.52	0.56	0.96
CCC	3.69	4.05	-0.36	Industrial	0.91	1.37	-0.46
CC	-	0.03	-0.03	Communications	0.89	-	0.89
D	0.67	0.49	0.18	Consumer Cyclical	0.31	0.11	0.20
NR	0.04	0.75	-0.71	Cash Offset	-0.65	-	-0.65
Cash Offset	-0.65	-	-0.65	Cash	4.29	-	4.29
Cash	4.29	-	4.29				

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

Maturity Breakdown (Economic Exposure %)	Fund	Reference Benchmark	Relative
0-2 years	7.50	7.28	0.22
2-5 years	13.03	22.38	-9.35
5-10 years	37.76	30.93	6.84
10+ years	41.71	39.42	2.29

Sorted from shortest to longest per the length of maturity.

Currency Allocation (Market Value %)	Fund	Reference Benchmark	Relative
USD	98.50	100.00	-1.50
EGP	1.13	-	1.13
UAH	0.20	-	0.20
EUR	0.17	-	0.17
SGD	0.01	-	0.01
DOP	0.01	-	0.01
CHF	0.01	-	0.01
JPY	0.00	-	0.00
BRL	0.00	-	0.00
ZAR	0.00	-	0.00
Other Currencies	-0.03	-	-0.03

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

Top 10 Holdings (%)	Weight (%)
PANAMA 3.870 23/07/60	1.68
UKRAINE GOVT 7.375 25/09/32	1.56
REP OF CAMEROON 9.500 19/11/25	1.39
GHANA REP OF 10.750 14/10/30	1.17
ARGENTINA 0.125 09/07/30	1.17
QATAR STATE OF 4.817 14/03/49	1.10
PETROLEOS MEXICA 6.350 12/02/48	1.09
RUSSIA-EUROBOND 4.750 27/05/26	1.01
CNAC HK FINBRID 3.000 22/09/30	1.01
SINOPEC GROUP 2.700 13/05/30	0.99

Sector Allocation (Economic Exposure %)	Fund	Reference Benchmark	Relative
Government	64.84	82.13	-17.29
Energy	17.96	8.55	9.41
Financial	4.99	2.97	2.02
Utilities	2.53	2.27	0.26
Basic Materials	2.40	2.04	0.35
Consumer Non cyclical	1.52	0.56	0.96
Industrial	0.91	1.37	-0.46
Communications	0.89	-	0.89
Consumer Cyclical	0.31	0.11	0.20
Cash Offset	-0.65	-	-0.65
Cash	4.29	-	4.29

Sorted from largest to smallest per Economic Exposure.

Geographical Allocation (Economic Exposure %)	Fund	Reference Benchmark	Relative
United States	11.06	-	11.06
Mainland China	7.97	4.32	3.65
Brazil	4.78	3.02	1.76
Egypt	4.73	2.59	2.13
Ukraine	4.59	2.48	2.11
Russia	4.33	3.41	0.92
Colombia	4.32	2.84	1.48
Turkey	3.96	3.62	0.34
Indonesia	3.77	4.55	-0.78
Mexico	3.57	4.79	-1.23
Other Locations	46.93	68.38	-21.45

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

⁴Spread duration excludes interest rate futures and bond futures. We can force the local government spread duration to zero for certain funds on request.

⁵Average 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

Performance

EM hard currency assets continued to see negative performance in February as rising US Treasury yields and real yields put pressure on the EMD asset class. Over the month, the strategy outperformed the benchmark, mainly from the investment grade segment and off-benchmark corporates allocation.

The main contributor to relative returns was the overweight position to Mexico, particularly the quasi-sovereigns PEMEX and CFE, as these bonds outperformed the sovereign bonds. In addition, the overweight position to the quasi-sovereigns in Colombia and Russia added to relative returns as these bonds also outperformed the sovereign bonds. The overweight position to China benefitted relative returns as the country outperformed the broader universe. On the flip side, the underweights to Peru and Uruguay added to relative returns as these countries were amongst the worst performers over the month. Lastly, the off-benchmark exposure to Benin, Montenegro and corporates added to relative returns.

In terms of detractors, underweight high yield positions, including El Salvador and Angola hurt relative returns as these countries outperformed the broader universe over the month. Additionally, the overweight to Argentina hurt relative returns as the bonds continue to trade lower off of the IMF program uncertainty.

Positioning

Over the month, we slightly increased beta, ending February with a beta of 1.03. We increased duration to 0.56 years overweight versus the benchmark, in addition to increasing spread duration from an underweight of -0.03 years to 0.18 years overweight the benchmark.

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www.assetmanagement.hsbc.com/fr.

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