

HSBC Global Investment Funds - Global High Income Bond

Share Class IC

28 Feb 2021

Fund Objective and Strategy

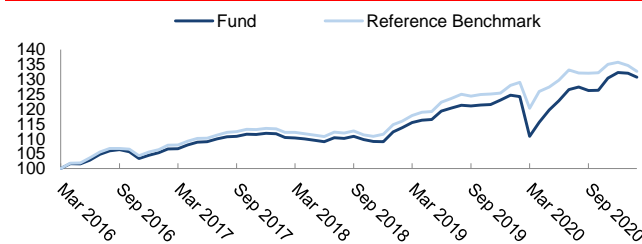
Investment Objective

The Fund aims to provide income by investing in a portfolio of higher yielding bonds.

Investment Policy

In normal market conditions, the Fund will primarily invest in bonds and other similar securities issued by governments, government-related entities, supranational entities and companies that are based anywhere in the world. This may include investment Grade bonds, non-investment grade bonds, and Asian and emerging market bonds. The Fund's asset allocation is managed with regard to the following neutral positions. Allocation may match these weights or be overweight and underweight based on the Investment Adviser's assessment of the best allocation to achieve the Fund's investment objective: 35% USD Emerging Market bonds, 20% US based investment grade corporate bonds, 15% US based high yield bonds, 15% Euro denominated investment grade corporate bonds hedged to USD, 15% Euro denominated high yield bonds hedged to USD. The Fund may invest up to 20% in asset-backed securities and mortgage-backed securities. The Fund may invest up to 10% 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 and up to 10% in contingent convertible securities. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹
IC	-1.20	-1.02	0.23	5.27	5.77	6.08
Reference Benchmark	-2.23	-1.45	-1.74	2.86	5.77	6.50

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
IC	5.27	9.13	3.02	3.64	9.55
Reference Benchmark	2.86	11.30	3.36	4.02	11.30

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	Accumulating
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 1,000,000
Ongoing Charge Figure ²	0.825%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU0524292264
Share Class Inception Date	12 Oct 2012
NAV per Share	USD 14.87
Fund Size	USD 1,692,496,954
Bloomberg Ticker	HGHINIU LX
Reference Benchmark	Bloomberg Barclays US Aggregate Corporate Baa
Manager	Jerry Samet Ricky Liu Jaymeson Paul Kumm Jean Olivier Neyrat Andrew John Jackson

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.

Reference Performance Benchmark: Bloomberg Barclays Global Aggregate Corporate USD Hedged since 1 Sep 2019. Prior to that, was 35% Bloomberg Barclays USD Emerging Markets|20% Bloomberg Barclays US Aggregate Corporate Baa|15% Bloomberg Barclays US High Yield Ba|15% Bloomberg Barclays Euro Aggregate Corporate Baa Hedged USD|15% Bloomberg Barclays Euro High Yield BB Hedged USD.

3-Year Risk Measures	IC	Reference Benchmark	5-Year Risk Measures	IC	Reference Benchmark
Volatility	8.11%	6.09%	Volatility	6.65%	5.24%
Sharpe Ratio	0.50	0.67	Sharpe Ratio	0.69	0.96
Tracking Error	3.26%	-	Tracking Error	2.56%	-
Information Ratio	0.00	-	Information Ratio	-0.16	-

Characteristics	Fund	Reference Benchmark	Relative	Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	780	9,093	-	Option Adjusted Spread Duration (OASD) ³	5.46	5.95	-0.49
Average Coupon	4.38	4.06	0.32	Rating Average ⁴	BBB-/BB+	BBB-/BB+	-
Option Adjusted Duration (OAD)	5.65	6.03	-0.37	Maturity Average	8.07	8.14	-0.08
Yield to Worst (Gross)	3.33	2.63	0.71	Number of Issuers	442	1,936	-
Modified Duration to Worst	5.98	5.89	0.09				

Credit Quality Rating Allocation (Market Value %)	Fund	Reference Benchmark	Relative	Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
AAA	2.61	-	2.61	Financial Institutions	17.58	16.70	0.88
AA	2.48	2.67	-0.19	Sovereign	13.79	14.86	-1.07
A	8.22	7.34	0.88	Consumer Cyclical	10.05	10.18	-0.13
BBB	39.06	47.12	-8.06	Agencies	8.60	10.28	-1.68
BB	26.31	36.03	-9.72	ABS	5.93	-	5.93
B	14.26	4.95	9.32	Communications	5.75	11.09	-5.34
CCC	1.96	1.19	0.76	Energy	5.69	5.74	-0.04
CC	-	0.03	-0.03	Consumer Non cyclical	5.37	9.19	-3.82
D	0.07	0.05	0.02	Basic Industry	4.48	4.87	-0.39
NR	0.77	0.60	0.17	CMBS	3.89	-	3.89
Cash	4.26	-	4.26	Other Sectors	14.59	17.09	-2.51
				Cash	4.26	-	4.26

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	0.16	0.19	-0.03
2-5 years	1.39	1.16	0.23
5-10 years	2.03	1.87	0.16
10+ years	2.08	2.80	-0.72
Total	5.65	6.03	-0.37

Sorted from shortest to longest per the length of maturity.

Sleeve Maturity Allocation (Market Value %)	Fund	Reference Benchmark	Relative
USD BBB	12.08	19.46	-7.37
USD BB	15.74	14.62	1.12
EUR	19.94	29.54	-9.60
Emerging Markets	31.64	36.38	-4.74
ABS	12.19	-	12.19
Overlay	8.40	-	8.40

Sorted from largest to smallest per market values of weight.

Top 10 Holdings (%)	Weight (%)
BWAY HOLDING CO 4.750 15/04/24	0.87
CHARTER COMM OPT 6.384 23/10/35	0.87
QUATRIM 5.875 15/01/24	0.86
MILEAGE PLUS HLD 6.500 20/06/27	0.69
DELTA/SKYMILES 4.750 20/10/28	0.69
EG GLOBAL 6.250 30/10/25	0.65
DIVERSIFIED HLTH 4.375 01/03/31	0.64
ARGENTINA 0.125 09/07/30	0.64
AT&T INC 3.300 01/02/52	0.63
NOVA CHEMICALS CORP 5.250 01/06/27	0.63

Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
Financial Institutions	17.58	16.70	0.88
Sovereign	13.79	14.86	-1.07
Consumer Cyclical	10.05	10.18	-0.13
Agencies	8.60	10.28	-1.68
ABS	5.93	-	5.93
Communications	5.75	11.09	-5.34
Energy	5.69	5.74	-0.04
Consumer Non cyclical	5.37	9.19	-3.82
Basic Industry	4.48	4.87	-0.39
CMBS	3.89	-	3.89
Other Sectors	14.59	17.09	-2.51
Cash	4.26	-	4.26

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

Geographical Allocation (Market Value %)	Fund	Reference Benchmark	Relative
United States	32.70	34.76	-2.06
France	6.11	4.36	1.75
Mainland China	4.96	6.97	-2.01
Germany	4.63	5.40	-0.77
Ireland	3.41	0.56	2.85
United Kingdom	3.38	3.36	0.02
Brazil	3.34	2.29	1.05
Mexico	2.70	2.82	-0.13
Cayman Islands	2.49	-	2.49
Spain	2.05	3.15	-1.09
Other Locations	29.96	36.33	-6.37
Cash	4.26	-	4.26

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

Currency Allocation (Market Value %)	Fund	Reference Benchmark	Relative
USD	99.50	100.00	-0.50
EGP	0.36	-	0.36
EUR	0.13	-	0.13
GBP	0.01	-	0.01
AUD	0.00	-	0.00
ZAR	0.00	-	0.00
SGD	0.00	-	0.00
HKD	0.00	-	0.00

Sorted from largest to smallest per market values of weight.

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

Fund Review

With vaccine rollouts continuing and a strong likelihood of a larger stimulus package investor focus shifted to the rates market where a rise in inflation expectations saw a large move in 5, 10 and 30 year treasuries. Credit spreads tightened over the month but IG credit saw a negative total return in the face of the rates move while HY remained positive. IG supply remained robust in February with \$118 billion issued while HY saw \$38 billion. IG flows continued to be positive with \$21 billion while HY saw outflows of \$2.4 billion through both ETFs and funds flows. Both Global Investment Grade and High Yield saw spreads tighten in February.

Overall the fund saw positive absolute contributions to return in US HY and Securitized Credit while all other segments saw negative returns. All segments except US HY saw negative selection effects underperforming their respective investment universes.

From a sector perspective the fund remains predominantly invested in corporate BBB and BB credit with an allocation to sovereigns at 15% and structured credit at 12%. From a credit perspective the fund has an average credit rating of BBB-/BB+ with 53% investment grade, 43% below investment grade and 4% cash. Regionally, the strategy has exposure to US Investment Grade 13%, US High Yield 16%, EUR Credit 20%, EM 32% and structured credit 11%. The main industry sector exposure is to financials, consumer cyclicals and energy. While less attractive at current valuations than they had been, Financials still look attractive vs industrials on a credit fundamentals basis given healthy balance sheets as a result of the sectors regulatory scrutiny following the Global Financial Crisis. Select segments of consumer cyclicals and energy have become more attractive from a valuation perspective vs other sectors in the recovery rally. The current portfolio duration is 5.65 years on an option adjusted basis, with an overweight to the short end of the curve and an underweight to the longer end vs its investment universe.

Outlook

While the spike in rates at the end of February surprised investors, the long end of the curve has been seeing upward pressure since Q3 of last year. Given the recent move we would believe rates to be more range bound going forward in 2021 but sensitivity remains to changing market expectations which could cause additional volatility. Credit fundamentals remain stable and should improve through the course of the year as the economic recovery continues but credit spreads are already at or close to historically tight levels offering less potential for tightening and a smaller cushion should we see more volatility. While vaccinations continue to be administered, focus has turned to the rate inoculation and disparity between regions as well as the impact of variant strains of the virus and what this means for the lifting of restrictions and the pace of recovery.

For Investment Grade portfolios we have continued to reduce beta, selling into market strength as valuations are historically tight but remain comfortable with a positioning above 1. We balance this with an emphasis on issuer selection focusing on credits and sectors that are more cyclical in nature where we see the potential for further compression. We remain underweight duration with a steepening bias. While rates have already seen a large move up this year we believe the longer term cyclical trend will continue albeit at a more moderate pace.

In High Yield credit fundamentals are also improving and default rates are less of a concern as the economy continues to recover but spreads are now also close to historically tight levels and we expect them to be somewhat range bound near term. We continue to rotate out of names that have performed well in order to create additional capacity should markets sell off so we can move into names that have lagged in the recovery so far. We are also looking at credits which we believe are potential candidates to be upgraded into IG.

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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