

## HSBC Global Investment Funds

# GLOBAL HIGH INCOME BOND

Monthly report 31 May 2022 | Share class AM3HSGD

### Investment objective

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

### Investment strategy

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, up to 10% in contingent convertible securities and up to 10% in other funds. 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 **SGD 9.04**

Performance 1 month **-1.14%**

Yield to maturity **6.57%**

#### Fund facts

UCITS V compliant **Yes**

Subscription mode **Cash / SRS  
(Supplementary Retirement Scheme)**

Dividend treatment **Distributing**

Distribution Frequency **Monthly**

Dividend ex-date **25 May 2022**

Dividend annualised yield **5.69%**

Last Paid Dividend **0.041554**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base Currency **SGD**

Domicile **Luxembourg**

Inception date **25 October 2011**

Fund Size **USD 917,869,123**

Managers **Jerry Samet  
Andrew John Jackson  
Jaymeson Paul Kumm  
Jean Olivier Neyrat  
Ricky Liu**

#### Fees and expenses

Minimum initial investment (SG)<sup>1</sup> **SGD 1,000**

Maximum initial charge (SG) **3.000%**

Management fee **1.250%**

#### Codes

ISIN **LU0669553546**

Bloomberg ticker **HGHISAM LX**

<sup>1</sup>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 or Bid-to-Bid basis. For comparison with benchmark**

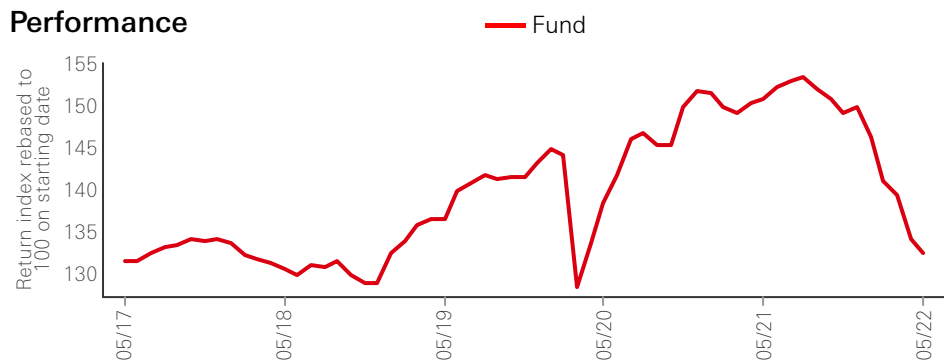
**\*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.**

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

**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.**

**Source: HSBC Asset Management, data as at 31 May 2022**

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
<b>AM3HSGD</b>	<b>-11.63</b>	<b>-1.14</b>	<b>-5.98</b>	<b>-11.21</b>	<b>-12.19</b>	<b>-1.00</b>	<b>0.15</b>
AM3HSGD (Net)*	-14.20	-4.02	-8.72	-13.79	-14.75	-1.97	-0.44

Calendar year performance (%)	2017	2018	2019	2020	2021
<b>AM3HSGD</b>	<b>5.71</b>	<b>-4.00</b>	<b>11.21</b>	<b>6.13</b>	<b>-1.28</b>
AM3HSGD (Net)*	2.63	-6.80	7.97	3.03	-4.16

3-Year Risk Measures	AM3HSGD	Reference benchmark	5-Year Risk Measures	AM3HSGD	Reference benchmark
Volatility	8.77%	--	Volatility	7.07%	--
Sharpe ratio	-0.20	--	Sharpe ratio	-0.13	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	586	15,067	--
Average coupon rate	3.97	3.07	0.90
Yield to worst	6.32%	3.75%	2.57%
Option Adjusted Duration	5.26	6.60	-1.35
Modified Duration to Worst	5.91	6.57	-0.66
Option Adjusted Spread Duration	5.41	6.67	-1.26
Average maturity	7.97	9.14	-1.17
Rating average	BBB-/BB+	A-/BBB+	--
Number of issuers	350	2106	--

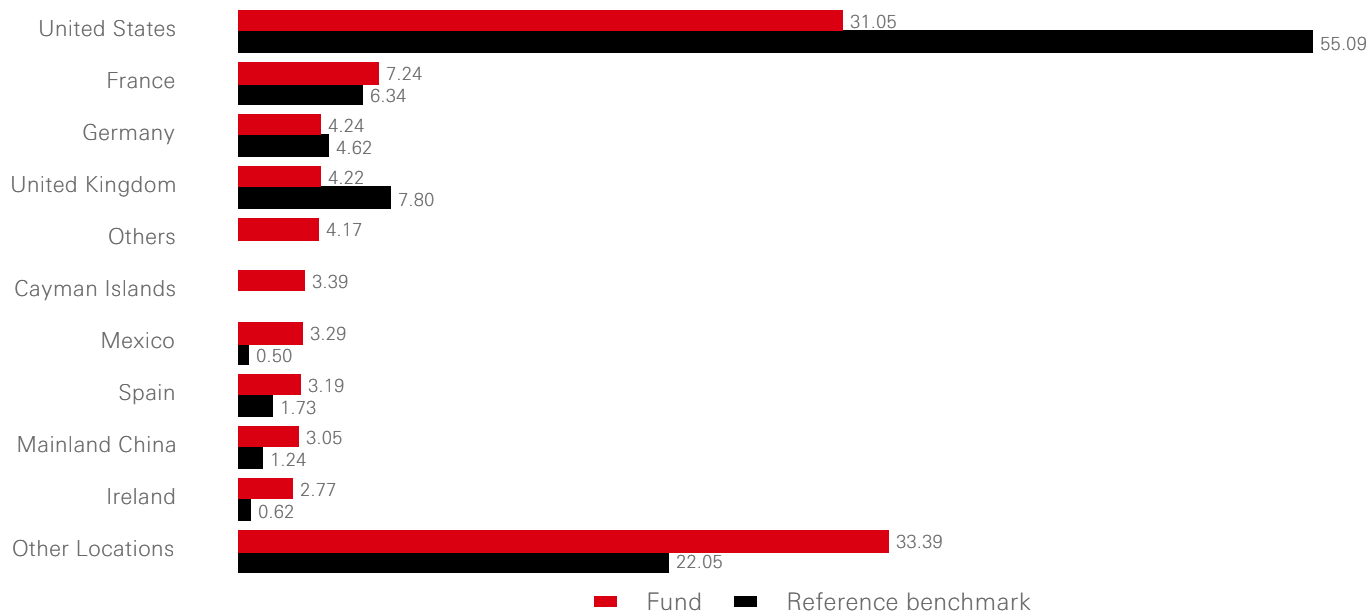
Credit rating (%)	Fund	Reference benchmark	Relative	Asset allocation (%)	Fund	Reference benchmark	Relative
AAA	2.45	1.04	1.41	USD Corporates	30.26	63.14	-32.87
AA	2.65	7.70	-5.05	EMD	27.63	4.44	23.19
A	8.27	40.11	-31.84	EUR Corporates	23.17	22.87	0.30
BBB	37.56	51.14	-13.58	ABS	11.61	0.02	11.59
BB	27.75	--	27.75	US Treasuries	1.32	--	1.32
B	12.66	--	12.66	Others	1.12	9.53	-8.41
CCC	2.63	--	2.63	Cash	4.89	--	4.89
CC	0.18	--	0.18				
C	0.22	--	0.22				
D	0.07	--	0.07				
NR	0.66	--	0.66				
Cash	4.89	--	4.89				

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.  
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 \*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.  
 The benchmark data is that of the reference benchmark of the fund, as this data is calculated at fund level rather than share class level. The reference benchmark of the fund is 100% Bloomberg Global Aggregate Corporate USD Hedged  
 Source: HSBC Asset Management, data as at 31 May 2022

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.06	0.16	-0.10
2-5 years	0.77	1.08	-0.31
5-10 years	1.62	1.90	-0.28
10+ years	2.82	3.48	-0.66
<b>Total</b>	<b>5.26</b>	<b>6.60</b>	<b>-1.35</b>

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.99	100.00	-0.01
EUR	0.09	--	0.09
AUD	0.01	--	0.01
ZAR	0.00	--	0.00
SGD	0.00	--	0.00
HKD	0.00	--	0.00
Other Currencies	-0.09	--	-0.09

### Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial	22.51	39.18	-16.68
Energy	12.51	6.17	6.34
Government	10.16	0.01	10.15
Consumer Cyclical	7.74	7.08	0.66
Communications	7.13	8.48	-1.35
Consumer Non cyclical	6.69	15.86	-9.18
Mortgage Securities	5.95	--	5.95
Asset Backed Securities	5.40	--	5.40
Basic Materials	4.50	2.80	1.69
Utilities	4.36	8.15	-3.78
Other Sectors	8.17	12.26	-4.09
Cash	4.89	--	4.89

<b>Top 10 Holdings</b>	<b>Weight (%)</b>
VEOLIA ENVRNMT 2.250	1.00
QUATRIM 5.875 15/01/24	0.87
DELTA/SKYMILES 4.750 20/10/28	0.82
CONTINENTAL RESO 4.900 01/06/44	0.78
EAGLE INT GLO/RUYI US FI 7.500 01/05/25	0.77
EG GLOBAL 6.250 30/10/25	0.71
NCR CORP 5.250 01/10/30	0.70
US TREASURY N/B 2.250 15/02/52	0.69
UNTD AIR 20-1 A 5.875 15/10/27	0.66
GLB AIR LEASE CO 6.500 15/09/24	0.63

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

## Monthly performance commentary

### Market Review

Global credit markets suffered from inflationary pressures, rate volatility, growth concerns and weak technicals in the form of outflows before a late month recovery helped pare losses. In this context, total returns came in close to flat for Investment Grade and moderately negative for High Yield over the month. IG supply came in at \$87 billion, the lightest May since 2012 while HY saw just \$900 million. Flows were negative again for US IG with -\$14.2 billion. Rising rates took a pause in May with the US Treasury curve steepening as shorter end yields fell more than for longer dated bonds over the month. The US 2, 5, 10 and 30 year Treasuries yields moved -16, -14, -9 and +5 bps to end the month at 2.56%, 2.82%, 2.84% and 3.05% respectively. In this context the strategy delivered negative performance on an absolute basis gross of fees. Overall the fund saw negative absolute contributions to return from all asset segments in May. From an asset class perspective Securitized Credit was the hardest hit segment followed by EUR Credit while US Credit and EM performed the best. The EUR segment saw positive relative return vs its investment universe while the US and EM segments saw negative return vs their investment universe over the month. An underweight to duration vs its investment universe was also a drag on performance over the month as rates changed course to finish lower in May. From a sector perspective the fund remains predominantly invested in corporate BBB and BB credit with an allocation to sovereigns at 10% and structured credit at 12%. From a credit perspective the fund has an average credit rating of BBB-/BB+ with 56% investment grade including 5% cash and 44% below investment grade. Regionally, the strategy has exposure to US Credit 28%, EUR Credit 22%, EM 25% and Structured Credit 12%. The 3 top industry sector exposures are to financials, energy and communications. While less attractive at current valuations than they had been, financials still offer solid credit fundamentals given healthy balance sheets as a result of the sectors regulatory scrutiny following the Global Financial Crisis. Communications has increased at the expense of consumer cyclicals due to attractive valuations and its more defensive nature while higher quality energy looks attractive and remains supported by higher oil prices. The current portfolio duration is 0.5 year underweight the investment universe at 5.26 years on an option adjusted basis, with an overweight to the short end and 10+ year segments and underweights to the 2-5 and 5-10 year segments.


### Outlook

While a late month recovery rally in May gave credit markets some relief from the widens in corporate bond spreads that were reached earlier in the month, investors remain concerned about inflation, Central Bank hawkishness, weaker corporate earnings, a potential economic slowdown as well as the ability of the Fed to engineer a soft landing. Although credit fundamentals remain solid, even if they have weakened somewhat and with growth concerns now a larger part of the narrative we believe that spreads are more likely to test wider levels than move tighter so despite more attractive valuations we remain cautious. In crossover credit, we are keeping credit beta largely the same as we are now comfortable with current level of high yield following a reduction to the lower rated part of this segment over the past 6 months. At the same time this has created average rating room and more cash which will provide the ability to “bottom-pick” credits when the time is right. As US 10yr yields are now back over 3%, we may look to rotate to a higher investment grade tilt as the duration risk is increasingly priced in, while we see HY spreads having more potential widening possibilities on weaker expected economic outlook. From an industry allocation perspective, we are continuing to incrementally look at developed market non-cyclical rotations such as packaging and healthcare, while the geographic allocation continues to be overweight asset backed and US credit, and more cautious on emerging markets.

## 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 underlying investments' weightings relative to the benchmark are monitored, but not constrained, to a defined range.

**Source: HSBC Asset Management, data as at 31 May 2022**

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Company Registration No. 198602036R

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## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC SGD	-10.09	-1.86	-5.02	-11.18	-8.95	-0.73	0.54
AC SGD (Net)*	-12.71	-4.72	-7.79	-13.77	-11.60	-1.70	-0.06
AC USD	-11.58	-1.14	-5.95	-11.17	-12.12	-0.60	0.72
AC USD (Net)*	-14.16	-4.02	-8.69	-13.76	-14.68	-1.57	0.13
ACHSGD SGD	-11.63	-1.14	-5.99	-11.21	-12.20	-1.01	0.14
ACHSGD SGD (Net)*	-14.20	-4.02	-8.73	-13.80	-14.76	-1.98	-0.45
AM2 SGD	-10.09	-1.86	-5.02	-11.19	-8.95	-0.73	0.54
AM2 SGD (Net)*	-12.71	-4.72	-7.79	-13.78	-11.60	-1.70	-0.06
AM2 USD	-11.58	-1.15	-5.95	-11.17	-12.12	-0.60	0.72
AM2 USD (Net)*	-14.16	-4.03	-8.69	-13.76	-14.68	-1.57	0.12
AM3HAUD AUD	-11.84	-1.23	-6.17	-11.48	-12.56	-1.41	0.10
AM3HAUD AUD (Net) *	-14.41	-4.11	-8.90	-14.06	-15.10	-2.37	-0.49
AM3HEUR EUR	-12.09	-1.29	-6.35	-11.80	-13.13	-2.21	-1.37
AM3HEUR EUR (Net)*	-14.65	-4.16	-9.08	-14.37	-15.66	-3.17	-1.95
AM3HSGD SGD	-11.63	-1.14	-5.98	-11.21	-12.19	-1.00	0.15
AM3HSGD SGD (Net)*	-14.20	-4.02	-8.72	-13.79	-14.75	-1.97	-0.44
Calendar year performance (%)	2017	2018	2019	2020	2021		
AC SGD	-1.67	-1.22	10.56	4.96	0.83		
AC SGD (Net)*	-4.53	-4.10	7.34	1.91	-2.10		
AC USD	6.30	-3.15	12.07	6.79	-1.15		
AC USD (Net)*	3.20	-5.97	8.81	3.68	-4.03		
ACHSGD SGD	5.71	-4.00	11.21	6.09	-1.28		
ACHSGD SGD (Net)*	2.63	-6.80	7.97	3.00	-4.16		
AM2 SGD	-1.66	-1.23	10.56	4.96	0.84		
AM2 SGD (Net)*	-4.53	-4.11	7.34	1.91	-2.10		
AM2 USD	6.31	-3.16	12.07	6.79	-1.15		
AM2 USD (Net)*	3.21	-5.98	8.81	3.68	-4.03		
AM3HAUD AUD	6.70	-3.55	10.86	5.67	-1.52		
AM3HAUD AUD (Net)*	3.59	-6.36	7.63	2.59	-4.39		
AM3HEUR EUR	4.07	-5.92	8.71	5.05	-2.10		
AM3HEUR EUR (Net)*	1.04	-8.66	5.54	1.99	-4.95		
AM3HSGD SGD	5.71	-4.00	11.21	6.13	-1.28		
AM3HSGD SGD (Net)*	2.63	-6.80	7.97	3.03	-4.16		

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 basis. No redemption charge is levied.  
 Source: HSBC Asset Management, data as at 31 May 2022



## 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	--	--	--	--
ACHSGD	SGD	--	--	--	--
AM2	USD	Monthly	25 May 2022	0.042283	5.90%
AM3HAUD	AUD	Monthly	25 May 2022	0.033710	5.15%
AM3HEUR	EUR	Monthly	25 May 2022	0.026904	4.13%
AM3HSGD	SGD	Monthly	25 May 2022	0.041554	5.69%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	28 July 2010	LU0524291613	USD	USD 5,000	15.23	1.250%	Accumulating
ACHSGD	2 November 2011	LU0669553462	SGD	USD 5,000	14.01	1.250%	Accumulating
AM2	28 July 2010	LU0524291456	USD	USD 5,000	8.88	1.250%	Distributing
AM3HAUD	5 September 2012	LU0798789102	AUD	USD 5,000	8.08	1.250%	Distributing
AM3HEUR	13 September 2012	LU0798789284	EUR	USD 5,000	8.01	1.250%	Distributing
AM3HSGD	25 October 2011	LU0669553546	SGD	USD 5,000	9.04	1.250%	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.**

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 May 2022