

HSBC Global Investment Funds

GLOBAL SHORT DURATION BOND

Monthly report 31 May 2022 | Share class AC



Investment objective

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



Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% in investment grade bonds and non-investment grade bonds issued by governments, government-related entities, supranational entities and companies that are based in or carry out the larger part of their business in developed or emerging markets. The Fund's average duration is expected to be between six months and three years. The Fund may invest up to 10% in bonds which have a maturity longer than five years. The Fund may invest in bonds issued in emerging markets to a level below 30% of its assets. The Fund may also invest up to 20% in non-investment grade bonds. 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 20% in asset-backed securities and mortgage-backed securities; 10% in contingent convertible securities and up to 10% in other funds, including HSBC funds. The Fund's primary currency exposure is to USD. 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 **USD 11.04**

Performance 1 month **-0.53%**

Yield to maturity **4.02%**

Fund facts

UCITS V compliant **Yes**

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

Dividend treatment **Accumulating**

Dealing frequency **Daily**

Valuation Time **17:00 Luxembourg**

Share Class Base Currency **USD**

Domicile **Luxembourg**

Inception date **27 February 2015**

Fund Size **USD 321,112,089**

Reference benchmark **100% Bloomberg Global Aggregate 1-3 Years Hedged USD**

Managers **Ernst Josef Osiander
Oliver Boulind
Shamil Pankhania**

Fees and expenses

Minimum initial investment (SG)¹ **USD 1,000**

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

Management fee **0.500%**

Codes

ISIN **LU1163226092**

Bloomberg ticker **HSGSDBA LX**

¹Please note that initial minimum subscription may vary across different distributors

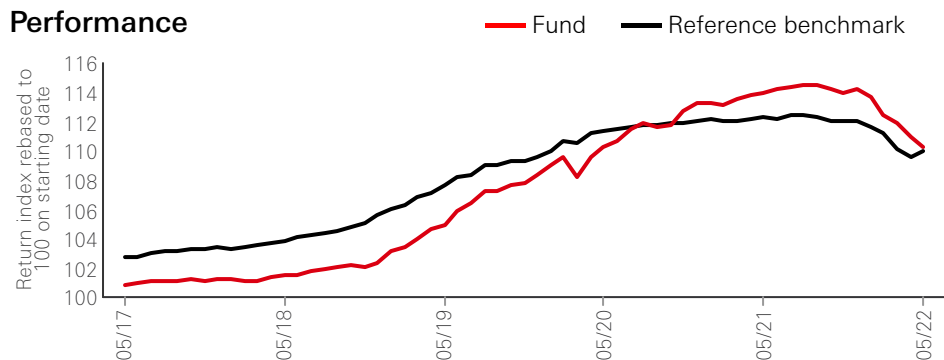
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

*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.

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
AC	-3.45	-0.53	-1.95	-3.18	-3.21	1.67	1.80
AC (Net)*	-6.27	-3.43	-4.80	-6.00	-6.03	0.67	1.20
Reference benchmark	-1.84	0.28	-1.10	-1.90	-2.05	0.72	1.36

Calendar year performance (%)	2017	2018	2019	2020	2021
AC	0.75	1.15	5.81	4.63	0.83
AC (Net)*	-2.19	-1.80	2.73	1.58	-2.11
Reference benchmark	1.35	2.18	3.72	2.32	-0.07

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	188.97	293.53	Fund	6.4	6.6	5.8	5.7
			Reference benchmark	5.9	5.4	6.9	6.0

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO₂e/USD million)
 Source of analytics: Trucost

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	1.88%	1.02%	Volatility	1.54%	0.90%
Sharpe ratio	0.51	0.01	Sharpe ratio	0.33	0.08
Tracking error	1.36%	--	Tracking error	1.15%	--
Information ratio	0.70	--	Information ratio	0.38	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	202	6,904	--
Average coupon rate	2.83	1.86	0.96
Yield to worst	3.86%	2.00%	1.86%
Option Adjusted Duration	1.93	1.85	0.08
Modified Duration to Worst	2.49	1.84	0.65
Option Adjusted Spread Duration	2.96	1.87	1.09
Average maturity	3.45	1.90	1.56
Rating average	A-/BBB+	AA/AA-	--

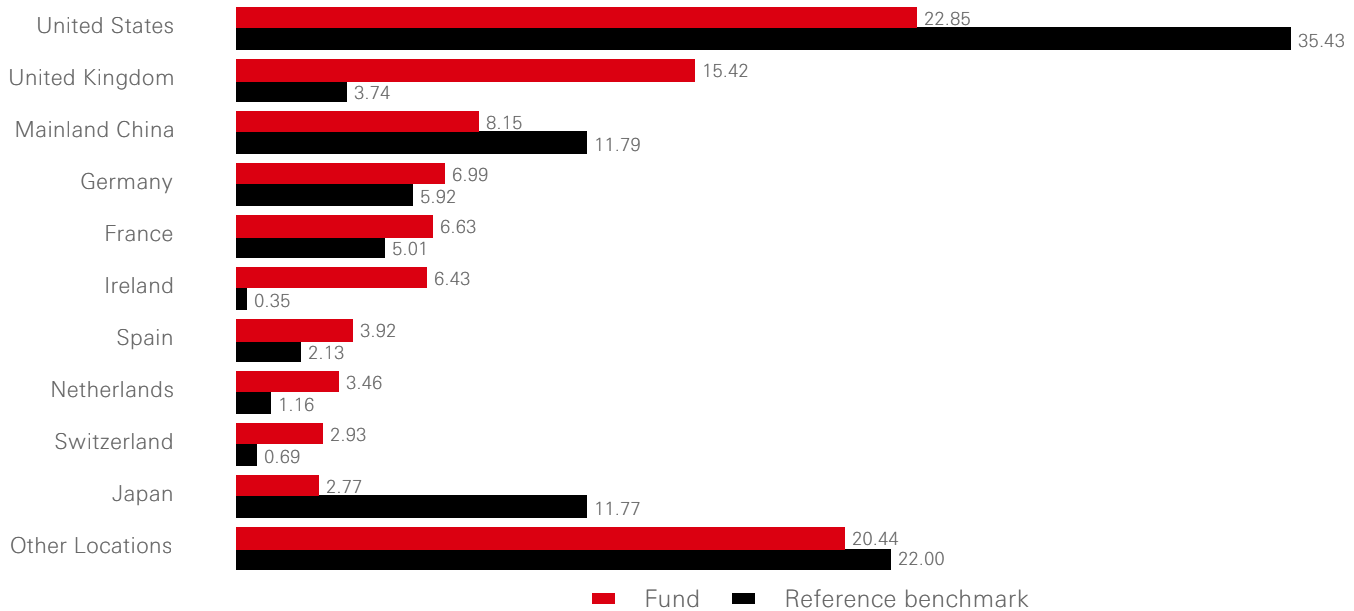
Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
AAA	9.94	39.95	-30.01	0-1 year	0.03	0.01	0.02
AA	2.43	12.97	-10.54	1-3 years	0.47	1.84	-1.37
A	27.71	33.30	-5.58	3-5 years	1.22	--	1.22
BBB	37.90	13.79	24.12	5+ years	0.21	--	0.21
BB	14.43	--	14.43	Total	1.93	1.85	0.08
B	1.42	--	1.42				
NR	0.31	--	0.31				

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

Currency Bloc Allocation (Option Adjusted Duration)	Fund	Reference benchmark	Relative
Dollar	0.81	0.88	-0.07
Euro	0.40	0.46	-0.06
EM Local Currency	0.26	0.25	0.01
UK	0.26	0.06	0.20
Japan	0.20	0.20	0.00
Total	1.93	1.85	0.08

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	98.38	100.00	-1.62
CNY	7.27	--	7.27
EUR	1.60	--	1.60
CAD	1.51	--	1.51
SEK	0.00	--	0.00
Other Currencies	-8.76	--	-8.76

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Corp Fin	35.78	9.35	26.43
Treasuries	21.16	58.27	-37.11
Collateralised	18.63	4.05	14.58
Corp Non-fin	18.16	8.75	9.41
Supra/agencies	6.76	18.90	-12.14
US Agency Mbs	--	0.68	-0.68
credit default swap index	-0.49	--	-0.49

Top 10 Holdings	Weight (%)
EXP-IMP BK CHINA 3.180 05/09/26	1.87
US TREASURY N/B 0.750 30/04/26	1.44
US TREASURY N/B 0.875 30/06/26	1.42
US TREASURY N/B 1.250 31/12/26	1.40
DEUTSCHLAND REP 0.000 15/08/26	1.40
BUNDESUBL-183 0.000 10/04/26	1.28
EXP-IMP BK CHINA 3.330 22/02/26	1.25
SOCIETE GENERALE 1.000 24/11/30	1.24
JAPAN GOVT 10-YR 0.100 20/09/26	1.23
EXP-IMP BK CHINA 3.220 14/05/26	1.21

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

Monthly performance commentary

Performance review

Given the fund's limited overall duration, the direction of rates had little impact on performance. The fund's "flattening" position unfortunately underperformed. The fund held a short position in Italian government bonds which helped. Asset allocation detracted from performance with credit spreads widening in both Investment Grade, High Yield and EMD. Credit hedges through the form of CDS mitigated some, but not all, of the negative effect. A small position in Asia High Yield continued to hurt performance. Securitised credit was penalised by the market with liquidity falling and dealers marking down positions. Foreign exchange driver was slightly positive as the USD weakened across the board while setting a new cyclical high during the month. In that context, the portfolio benefited from an outright short position in the USD via a long EUR. The Euro was also boosted by hawkish comments from ECB speakers. The long CAD vs. GBP also contributed positively.

Strategy

The fund's duration was modestly increased to an overweight. As UK yields underperformed US yields, we decided to enter a relative value trade to be long UK vs. US. Credit exposure was initially increased through the removal of hedges. However, we then added a portion of hedges back as we attempted to take advantage of volatility within valuation ranges.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO²e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO²e/USD million)
PHOENIX GRP HLD PLC	0.54	SBAB BANK AB	0.14
ALLIANZ SE	1.59	BASLER KANTNALBK	0.18
QBE INSURANCE GROUP LTD	1.62	M&G PLC	0.25
ING GROEP NV	1.70	CLOVERIE PLC	0.33
DANSKE BANK A/S	1.98	ALD SA	0.36
HEATHROW FUNDING LTD	2.37	SPAREBANK 1 SMN	0.38
ATHENE GLOBAL FUNDING	2.43	SAMPO OYJ	0.45
ASSICURAZIONI GENERALI	2.60	LINCOLN NATL CRP	0.47
BANCO DE SABADELL SA	2.69	IA FINANCIAL COR	0.49
SYNCHRONY FINANCIAL	2.97	AFLAC INC	0.56


Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO²e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO²e/USD million)
ENERGEAN ISRAEL FINANCE	3,047.30	TAQA ABU DHABI	17,495.37
PETROBRAS GLOBAL FINANCE	1,185.94	NTPC LTD	16,616.60
AUSNET SERVICES HOLDINGS	1,160.05	SINO SERV P L	13,579.89
DELTA AIR LINES/SKYMILES	1,053.01	SEMEN INDONESIA	11,445.36
VEOLIA ENVIRONNEMENT SA	1,017.12	SAUDI ELEC	9,936.55
CARGO AIRCRAFT MANAGEMEN	843.64	UHI CAPITAL	9,450.54
ENERGIAS DE PORTUGAL SA	698.16	CAPITAL POWER	8,673.88
ENGIE SA	643.99	VISTRA OPERATION	8,269.14
IBERDROLA INTL BV	394.24	OGE ENERGY CORP	5,917.15
ELECTRICITE DE FRANCE SA	356.04	EVERGY INC	4,875.18

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 performance relative to the benchmark is 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

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	-3.45	-0.53	-1.95	-3.18	-3.21	1.67	1.80
AC USD (Net)*	-6.27	-3.43	-4.80	-6.00	-6.03	0.67	1.20
ACHSGD SGD	-3.49	-0.54	-1.97	-3.20	-3.25	1.33	1.30
ACHSGD SGD (Net)*	-6.30	-3.44	-4.83	-6.02	-6.07	0.34	0.70
ACSGD SGD	-2.14	-1.26	-0.97	-3.21	0.26	1.53	1.61
ACSGD SGD (Net)*	-4.99	-4.14	-3.85	-6.03	-2.66	0.54	1.01

Calendar year performance (%)	2017	2018	2019	2020	2021
AC USD	0.75	1.15	5.81	4.63	0.83
AC USD (Net)*	-2.19	-1.80	2.73	1.58	-2.11
ACHSGD SGD	0.23	0.34	5.01	4.13	0.74
ACHSGD SGD (Net)*	-2.69	-2.58	1.95	1.10	-2.20
ACSGD SGD	-6.80	3.15	4.37	2.85	3.16
ACSGD SGD (Net)*	-9.51	0.14	1.33	-0.15	0.15

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	--	--	--	--
ACSGD	SGD	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	27 February 2015	LU1163226092	USD	USD 5,000	11.04	0.500%	Accumulating
ACHSGD	16 June 2016	LU1272399756	SGD	USD 5,000	10.68	0.500%	Accumulating
ACSGD	16 June 2016	LU1301846850	SGD	USD 5,000	11.12	0.500%	Accumulating

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.

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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