

HSBC Global Investment Funds

MULTI-STRATEGY TARGET RETURN

Monthly report 31 May 2023 | Share class BC



Investment objective

The Fund aims to provide income and capital growth by investing in a range of assets classes, including bonds, shares, money-market securities, currency, cash and other funds.



Investment strategy

The Fund is actively managed. The Fund targets annualised returns of ESTR plus 4% (gross of annual ongoing charges) over a rolling three-year period, with annualised volatility of 6-8%. There is no guarantee that the return or volatility target will be achieved. The Fund employs complementary strategies which may invest across a diversified range of asset classes (directly and indirectly through derivatives and funds) from across the world. These include equity (shares), fixed income (types of debt securities), currency, cash, commodities and other UCITS eligible assets. The Fund gains exposure to investment grade, non-investment grade and unrated bonds and similar securities issued or guaranteed by governments, government-related, supranational entities and companies. The Fund may invest up to 10% in non-investment grade bonds issued by any single sovereign issuer, up to 10% in contingent convertible securities, up to 10% in other eligible assets (such as ABS/MBS) and up to 50% in other funds. The Fund may also invest up to 20% in Total Return Swaps and up to 50% of its assets in non-EUR currencies. See the Prospectus for a full description of the investment objectives and derivative usage.



Main risks

- The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is generally 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 value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.
- 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.

Share class details

Key metrics

NAV per share	EUR 9.82
Performance 1 month	-2.36%
Sharpe ratio 3 years	-0.14

Fund facts

UCITS V compliant	Yes
UK reporting fund status (UKRS)	Yes
ISA eligible	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation time	17:00 Luxembourg
Share class base currency	EUR
Domicile	Luxembourg
Inception date	29 May 2020
Fund size	EUR 108,348,390
Reference benchmark	100% Euro Short-Term Rate (€STR)
Managers	Stephane Mesnard Philippe Declerck

Fees and expenses

Minimum initial investment ¹	USD 5,000
Ongoing charge figure ²	1.050%

Codes

ISIN	LU1679069820
Bloomberg ticker	HSMSTBC LX
SEDOL	BYWV8L5

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

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.

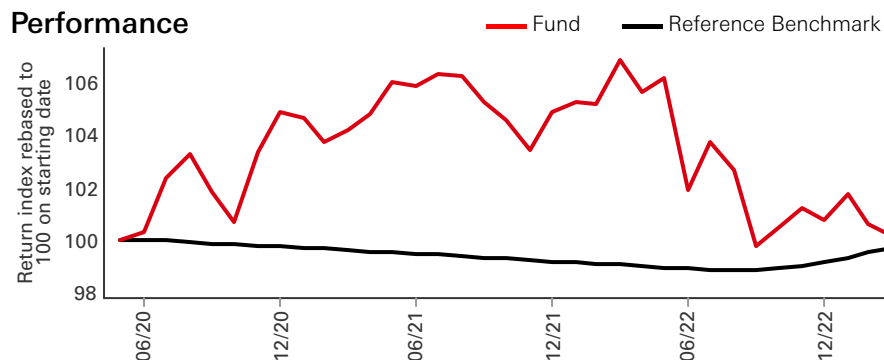
Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

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

Reference Performance Benchmark: Euro Short-Term Rate (ESTR) since 26 May 2021. Before that, the benchmark was EUR 3 month EURIBOR.

Source: HSBC Asset Management, data as at 31 May 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
BC	-2.57	-2.36	-2.42	-2.98	-7.57	-0.62	--	-0.62
Reference Benchmark	1.07	0.28	0.73	1.21	1.30	0.07	--	0.07

Rolling performance (%)	31/05/22-31/05/23	31/05/21-31/05/22	31/05/20-31/05/21	31/05/19-31/05/20	31/05/18-31/05/19
BC	-7.57	0.16	6.03	--	--
Reference Benchmark	1.30	-0.59	-0.51	--	--

Asset allocation (%)	Actual	Target	Strategic	Overweight/Underweight between Target & Strategic Asset Allocation	
Equity	18.12	--	--	0.00	
Corporate Bonds	9.15	--	--	0.00	
Sovereign Nominal Bonds	39.22	--	--	0.00	
Cash & MoneyMarket	11.77	--	--	0.00	
Commodities	6.29	--	--	0.00	
Emerg. Mkt Debt	6.09	--	--	0.00	
FX forwards	-41.52	--	--	0.00	
Gold	5.87	--	--	0.00	
Money Market	30.43	--	--	0.00	

The strategic allocation is the portfolio's reference or neutral allocation set by HSBC Global Asset Management. The management team also adjusts target exposure higher (overweight) or lower (underweight) to an asset type - relative to the strategic asset allocation - depending on the team's current market outlook. Positive values (overweights) in the chart reflect asset types the portfolio management team have a positive outlook on. Negative values (underweights) reflect asset types the portfolio management team have a negative outlook on. The actual exposure is a screen shot of the portfolio at the end of the month based on market value in each asset type.

Top 10 holdings	Weight (%)
BTF 06-09-23	15.88
BTF 04-10-23	14.49
CANADA 10 YR NOTE 09-23	11.83
US T-BOND 0.125% 15/04/2025	7.92
KOREA 10Y BD 06-23 KFE	7.34
MINI S&P500 FUTURE 06-23 CME	7.23
BTPi 1.4% 26/05/2025 CPI	6.54
ETC GOLD BULLION SECURITIES LTD	6.08
FTSE 100 FUTURE 06-23 LIFFE	5.88
HSBC GIF GL EM MKT ESG LOCAL DEBT ZC\$	5.86

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Source: HSBC Asset Management, data as at 31 May 2023

Monthly performance commentary

Markets

Equity markets continued to zigzag during the month, tracking central bank pronouncements and economic data, particularly regarding inflation. Talks on raising the debt ceiling were one source of uncertainty, although an agreement was ultimately reached very late in the month to suspend the ceiling until January 2025, after the 2024 presidential elections, in exchange for a relative stabilisation of the government budget outside of military spending.

On the economic front, indicators were mixed – on the one hand, robust in job creations and the unemployment rate, a gradual receding in inflation with the decrease in energy prices, and a high level of confidence in services; and, on the other, sluggish industrial activity, as seen in anaemic confidence indices and negative GDP in markets such as Germany.

Against this backdrop, equities fell by 1.1% on the month. Japan alone rode something of an economic surge, an increase in Japanese companies' profitability, and a weak yen to gain 4.5% in local currency terms. US equities gained 0.6%, driven mainly by tech stocks, including Nvidia, which soared by 36% on the month. Emerging and European markets brought up the rear, with respective declines of 1.7% and 2.5%. Bond markets diverged, with euro zone government and corporate bonds up slightly and international bonds hit by rising US interest rates. And, lastly, the dollar recovered vs. the euro, climbing 3%.

Performances

The fund underperformed the money market on the month, boosted by its strategic exposure to style and macroeconomic factors. All in all, the fund lost 2.3%, vs. declines of 0.3% by global equities (MSCI World EUR Hedged) and 0.4% by US government bonds (Barclays Global Govt Bond EUR Hedged).

Within the directional allocation, the worst-performing factors were Duration and, to a lesser extent, Defensive. We took a hit from our exposure to "dollar"-zone sovereign rates (US, Australia, Canada, and New Zealand) in an environment in which robust economic data (jobs and inflation) raised fears of a new tightening in key rates. Our exposure to the "Europe" block only partly offset this underperformance. In the Defensive factor, note the poor showing by physical gold (-1.37% in dollars) after very strong gains in the past two months. Performances by the other factors (Inflation and Growth) were close to level, despite the negative contributions of our investments in commodities and some equity markets.

Among style factors, Carry's positive contributions were offset by the negative contributions of Valuation and Momentum. In terms of asset class, the currency portfolio made positive contributions, which were offset by the negative contributions of equity and fixed-income portfolios. Within the equity portfolios, developed economies and sector arbitrage portfolios made negative contributions. Within the currency portfolios, emerging market portfolios made positive contributions, while developed economy portfolios were stable on the month. On the fixed-income markets, we got a boost mainly from our long Switzerland and short UK positions and took a hit from our short Canada and German exposures.

Positioning

As of the end of May, the portfolio was still highly diversified in its international asset allocation and positioned to capture macroeconomic and style risk premiums. We dialled back our equity exposure very slightly during the month, from 24% and end-April to about 21% at end-May.

In terms of aggregate exposure by asset class, our main exposures are, in fixed income, long Canada, US and Australia and short the euro zone, Sweden and New Zealand; in equities, long UK, US and Italy and short Europe, Thailand, and Malaysia; and, in currencies, long the US dollar, the Hungarian forint and the Polish zloty and short the Swiss franc, Australian dollar and Canadian dollar.

Risk disclosures

- 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 potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

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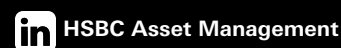
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Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at www.assetmanagement.hsbc.co.uk

Source: HSBC Asset Management, data as at 31 May 2023

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Lines are open 9am to 5pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

Glossary

