

HSBC Global Investment Funds

GLOBAL CREDIT FLOATING RATE FIXED TERM BOND 2023 - 1

Monthly report 31 May 2023 | Share class AM3HEUR (Currently Closed to Subscriptions for All Investors)



Investment objective

The Fund aims to provide capital growth and income by investing in a portfolio of bonds for a limited term.



Investment strategy

The Fund is actively managed. The Fund is intended to be in operation until 30 June 2023 (the "Term Date"). On the Term Date, the Fund will be liquidated. The Term Date it may be deferred for up to 3 months if the Board of Directors believes it is in the best interest of shareholders. The Fund will seek to invest in bonds with a final maturity date close to the Term Date, aiming to hold them to maturity whilst actively monitoring the portfolio. As the term date approaches, the Fund's assets will increasingly comprise of cash and money market instruments. The Fund will mainly invest in investment grade and non-investment grade bonds, issued by governments, government-related entities, supranational entities and companies based in both developed markets and emerging markets. The Fund will use derivatives to swap its fixed coupon income into a floating rate, with a target of 85% of the Fund's income being based on floating rates and 15% on fixed rates. The Fund may invest up to 10% in other 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 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.
- Investing in assets denominated in a currency other than that of the investor's own currency exposes the value of the investment to exchange rate fluctuations
- 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.

Share class details

Key metrics

NAV per share	EUR 9.04
Performance 1 month	0.01%

Fund facts

UCITS V compliant	Yes
UK reporting fund status (UKRS)	Yes
ISA eligible	Yes
Dividend treatment	Distributing
Distribution frequency	Monthly
Dividend ex-date	31 May 2023
Dividend yield ¹	3.16%
Last paid dividend	0.035462
Dealing frequency	Daily
Valuation time	17:00 Luxembourg
Share class base currency	EUR
Domicile	Luxembourg
Inception date	24 June 2019
Fund size	USD 548,140,129
Managers	Ricky Liu Jason E Moshos Jerry Samet

Fees and expenses

Minimum initial investment ²	USD 5,000
Ongoing charge figure ³	0.502%

Codes

ISIN	LU1987798144
Bloomberg ticker	H231A3E LX
SEDOL	BGV1KC5

¹Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.

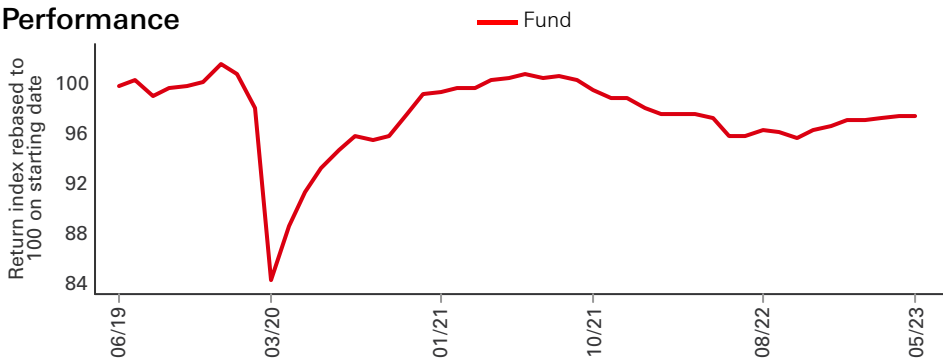
²Please note that initial minimum subscription may vary across different distributors

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.

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.

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



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
AM3HEUR	0.71	0.01	0.22	1.13	0.17	2.17	--	-0.71

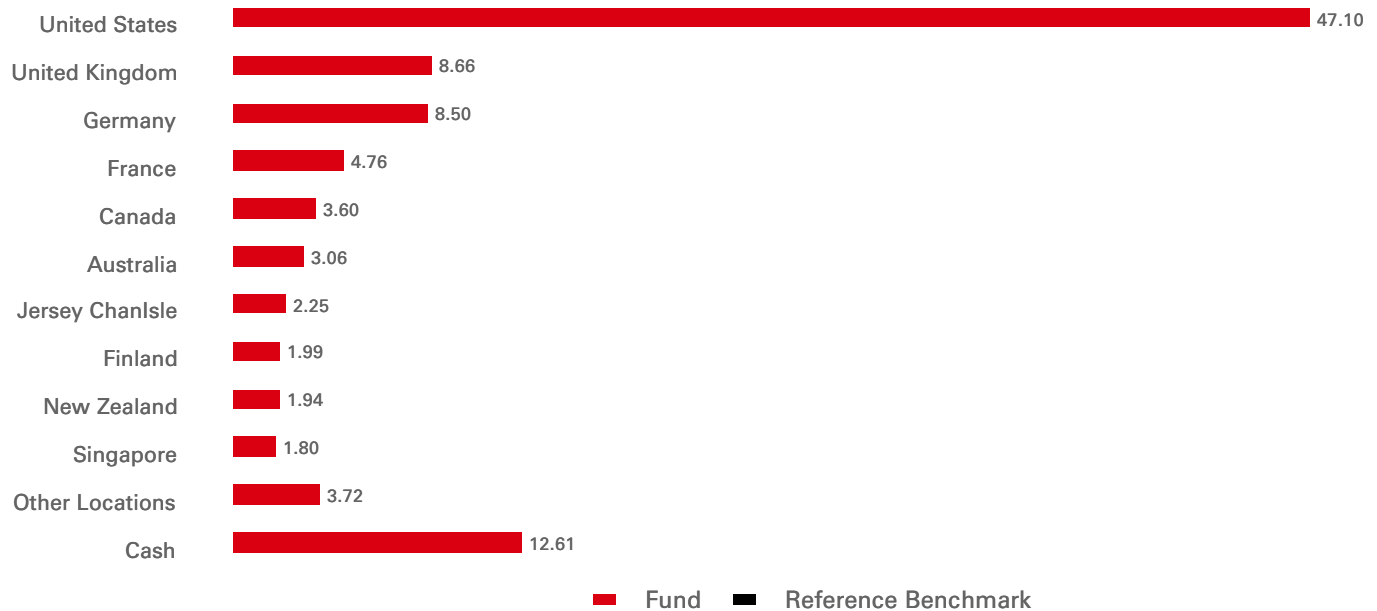
Rolling performance (%)	31/05/22-31/05/23	31/05/21-31/05/22	31/05/20-31/05/21	31/05/19-31/05/20	31/05/18-31/05/19
AM3HEUR	0.17	-3.28	10.10	--	--

3-Year Risk Measures	AM3HEUR	Reference Benchmark	5-Year Risk Measures	AM3HEUR	Reference Benchmark
Volatility	2.58%	--	Volatility	--	--
Sharpe ratio	0.81	--	Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference Benchmark	Relative
No. of holdings ex cash	75	--	--
Average coupon rate	3.63	--	--
Yield to worst (incl IRS)	8.54%	--	--
Yield to maturity (incl IRS)	8.54%	--	--
Yield to maturity (incl IRS)	Libor + 3.351	--	--
Yield to maturity (excl IRS)	5.99%	--	--
Option adjusted duration	0.08	--	--
Modified duration to worst	0.08	--	--
Option adjusted spread duration	0.08	--	--
Average maturity	0.09	--	--
Rating average	A+/A	--	--
Number of issuers	61	--	--

Credit rating (%)	Fund	Reference Benchmark	Relative	Currency Allocation (%)	Fund	Reference Benchmark	Relative
AAA	5.15	--	--	USD	99.12	--	--
AA	14.86	--	--	EUR	0.45	--	--
A	56.75	--	--	GBP	0.43	--	--
BBB	7.83	--	--	AUD	0.00	--	--
BB	0.43	--	--				
NR	2.37	--	--				
Cash	12.61	--	--				

Geographical allocation (%)



Sector allocation (%)	Fund	Reference Benchmark	Relative
Financial	24.17	--	--
Consumer Non cyclical	22.27	--	--
Consumer Cyclical	11.73	--	--
Industrial	8.15	--	--
Communications	5.67	--	--
Basic Materials	4.50	--	--
Technology	3.59	--	--
Government	3.36	--	--
Utilities	1.80	--	--
Energy	1.80	--	--
Other Sectors	0.37	--	--
Cash	12.61	--	--

Top 10 holdings	Weight (%)
LINDE INC 0.000 20/06/23	2.70
UNILEVER CAPITAL 0.000 22/06/23	2.70
UNITEDHEALTH GRP 0.000 30/06/23	2.69
LINX CAP LTD 15.200 01/04/25	2.25
VOLKSWAGEN BANK 0.750 15/06/23	2.21
GEN MOTORS FIN 4.150 19/06/23	2.15
HYUNDAI CAPITAL AMERICA 4.125 08/06/23	1.98
ASB BANK LIMITED 3.750 14/06/23	1.94
US TREASURY N/B 2.625 30/06/23	1.91
PARAMOUNT GLOB 0.000 02/06/23	1.80

Monthly performance commentary

Market Review

The month of May saw markets experience debt-ceiling anxiety as negative headlines through most of the month sent US Treasury yields higher. Despite the higher rates volatility, credit spreads held in and widened only modestly with Global IG at +3 bps and Global HY at +9 bps thanks to solid US data and stabilization in the US regional banking sector. This saw negative total returns for both IG and HY credit markets. IG supply picked up in May with issuance coming in at \$172.8 billion for a YTD total of \$786.9 billion issued while HY supply also increased with \$22.6 billion issued for a YTD total of \$78.3. billion.

Treasury yields rose in May, peaking just before month end before falling back. The rise was led by shorter dated bonds causing the yield curve to further invert in the front end. The 2, 5, 10 and 30 year yields moved 40, 27, 22 and 19 basis points to finish at 4.40%, 3.75%, 3.64% and 3.86% respectively.

The broad global corporate Investment Grade bond market as represented by the ICE BofA Global Corporate Index USD hedged saw spreads finish 3 bps wider in May for a total return of -0.88%. Regionally, US, EUR, UK and EM spreads moved tighter by 5, 8, 2 and -5 bps respectively. AA, A and BBB bonds all performed broadly in line over the month.

The broad global High Yield bond market as represented by the ICE BofA Global High Yield USD hedged Index saw spreads finish 9 bps wider over the month, for a total return of -0.58%. Regionally US, EUR and EM spreads moved by 16, 4 and -2 bps respectively. B rated bonds outperformed both BB and CCC rated bonds over the month.

Portfolio

Total return was negative over the month on a gross basis as investors concerns around the debt-ceiling caused US Treasuries to rise. The HY rated bonds performed in-line with IG rated bonds in the portfolio over the period.

From a sector perspective, bonds in the consumer non-cyclical, basic industry and banking sectors contributed to returns, while bonds in the financial services and real estate sectors lagged.

From a regional perspective, North America was the main contributor to returns, while Europe and Asia detracted from returns.

The fund saw a negative contribution from the IRS while the currency hedges used to hedge non USD bond positions were positive contributors to returns over the month.

As the portfolio nears maturity, proceeds from maturing bonds are reinvested in cash and cash-like instruments.

Outlook

Resolution of the US debt ceiling and relatively strong economic data saw market expectations easing somewhat with regards to the severity of a recession. Despite indicators suggesting the start of an economic slowdown, companies are still seeing solid demand however, as seen in April's strong retail sales figures. Forward guidance continues to be to the downside however. Although valuations are less than compelling we still don't see any short term catalysts that would send spreads meaningfully wider, however, longer term we still expect that spreads are more likely to move wider as we move towards a slowdown. We continue be tactical with our positioning however, taking advantage of short term opportunities when they arise.

Risk disclosures

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

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

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Glossary



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