

HSBC Global Investment Funds

GLOBAL CREDIT FLOATING RATE FIXED TERM BOND 2023 - 2

Monthly report 31 October 2023 | Share class PM3HAUD (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 31 December 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	AUD 9.23
Performance 1 month	0.29%

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 October 2023
Dividend yield ¹	5.49%
Last paid dividend	0.044587
Dealing frequency	Daily
Valuation time	17:00 Luxembourg
Share class base currency	AUD
Domicile	Luxembourg
Inception date	19 September 2019
Fund size	USD 261,707,090
Managers	Ricky Liu Jason E Moshos Jerry Samet Viral Desai

Fees and expenses

Minimum initial investment ²	USD 1,000,000
Ongoing charge figure ³	0.422%

Codes

ISIN	LU2027604144
Bloomberg ticker	H232P3A LX
SEDOL	BJRDDL6

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

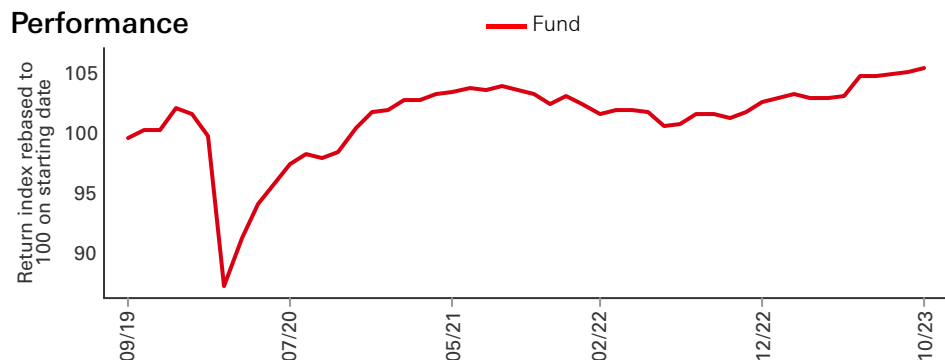
³Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

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 October 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
PM3HAUD	2.83	0.29	0.71	2.41	4.11	2.36	--	1.29

Rolling performance (%)	31/10/22-31/10/23	31/10/21-31/10/22	31/10/20-31/10/21	31/10/19-31/10/20	31/10/18-31/10/19
PM3HAUD	4.11	-1.95	5.07	-1.87	--

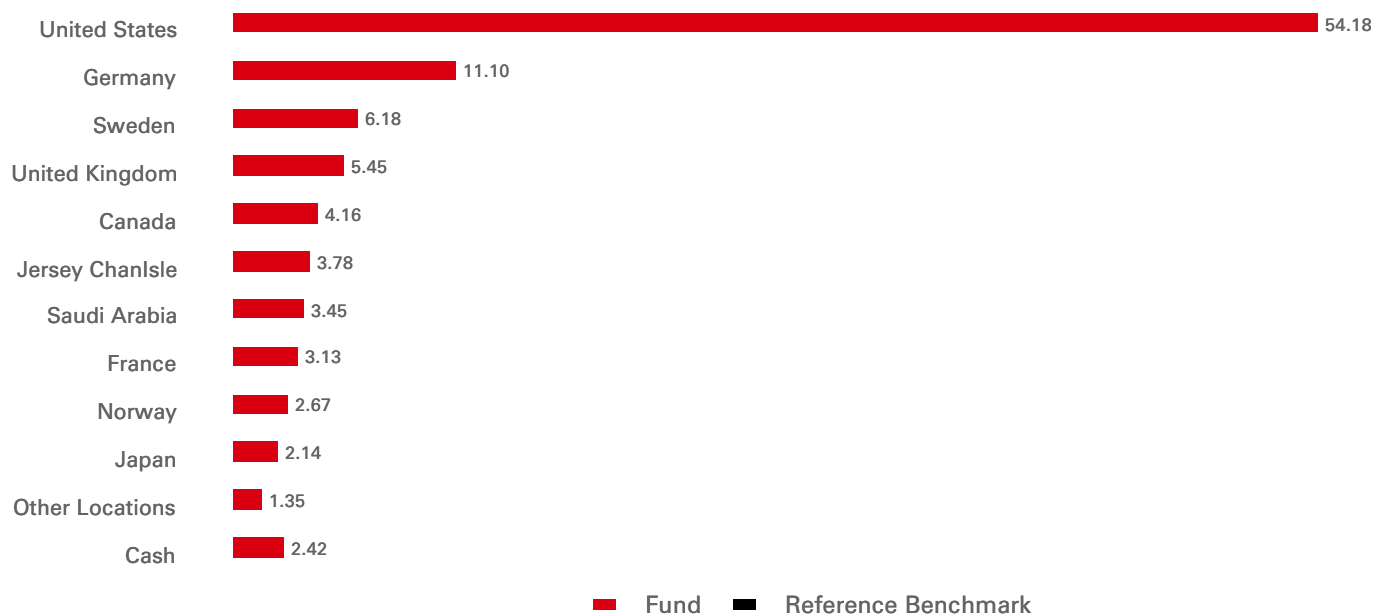
3-Year Risk Measures	PM3HAUD	Reference Benchmark	5-Year Risk Measures	PM3HAUD	Reference Benchmark
Volatility	2.17%	--	Volatility	--	--
Sharpe ratio	0.38	--	Sharpe ratio	--	--

Fixed Income Characteristics	Fund	Reference Benchmark	Relative
No. of holdings ex cash	52	--	--
Average coupon rate	5.25	--	--
Yield to worst (incl IRS)	9.64%	--	--
Yield to maturity (incl IRS)	9.64%	--	--
Yield to maturity (incl IRS)	Libor + 3.980	--	--
Yield to maturity (excl IRS)	6.58%	--	--
Option adjusted duration	0.00	--	--
Modified duration to worst	0.00	--	--
Option adjusted spread duration	0.00	--	--
Average maturity	0.14	--	--
Rating average	A/A-	--	--
Number of issuers	45	--	--

Credit rating (%)	Fund	Reference Benchmark	Relative	Currency Allocation (%)	Fund	Reference Benchmark	Relative
AAA	0.38	--	--	USD	98.49	--	--
AA	22.34	--	--	EUR	1.07	--	--
A	42.95	--	--	GBP	0.34	--	--
BBB	27.17	--	--	CAD	0.11	--	--
BB	0.39	--	--	SGD	0.00	--	--
NR	4.35	--	--	HKD	0.00	--	--
Cash	2.42	--	--	AUD	0.00	--	--

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.
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% ICE LIBOR USD 3 Month
Source: HSBC Asset Management, data as at 31 October 2023

Geographical allocation (%)



Sector allocation (%)	Fund	Reference Benchmark	Relative
Financial	24.97	--	--
Consumer Cyclical	23.23	--	--
Consumer Non cyclical	17.99	--	--
Government	9.68	--	--
Industrial	8.57	--	--
Energy	4.23	--	--
Basic Materials	4.17	--	--
Utilities	1.90	--	--
Technology	1.26	--	--
Over The counter	0.84	--	--
Other Sectors	0.76	--	--
Cash	2.42	--	--

Top 10 holdings	Weight (%)
US TREASURY N/B 2.250 31/12/23	6.99
NATWEST GROUP 6.000 19/12/23	4.69
BAYER US FIN II 3.875 15/12/23	4.64
BAXTER INTL 0.868 01/12/23	4.44
SVENSKA HNDLSBKN 3.900 20/11/23	4.27
WALGREENS BOOTS 0.950 17/11/23	4.21
GOLDMAN SACHS GP 1.217 06/12/23	3.83
LINX CAP LTD 15.200 01/04/25	3.78
MYLAN INC 4.200 29/11/23	3.61
PARKER-HANNIFIN 0.000 04/12/23	3.04

Monthly performance commentary

Market Review

October saw a risk asset sell off while rates continued higher and market volatility increased. Investors reacted to the attack on Israel and a rise in geopolitical risk while at the same time US data had another strong showing. Corporate spreads finished wider across the board while rates saw a large jump with the US 10 Year Treasury moving from 4.56% to 4.99% mid-month. In this market environment total returns for Global Investment Grade and Global High Yield corporate bonds came in negative over the month. Supply volume fell off somewhat in October with IG issuance coming in at \$102.5 billion for a YTD total of \$1,316.8 billion issued while HY saw \$8.9 billion issued for a YTD total of \$142.8 billion.

The US Treasury curve rose and normalized further in October with long end yields rising more than the short end. The 2, 5, 10 and 30 year yields moved +4, +24, +36 and +39 basis points to finish at 5.09%, 4.85%, 4.93% and 5.09% respectively.

The broad global corporate Investment Grade bond market as represented by the ICE BofA Global Corporate Index USD hedged saw spreads finish 6 bps wider in October for a total return of -1.03%. Regionally, US, EUR, UK and EM spreads moved wider by 7, 8, 5, and 4 bps respectively. Lower rated bonds again outperformed more duration sensitive higher rated bonds 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 38 bps wider over the month, for a total return of -0.64%. Regionally US, EUR and EM spreads moved wider by 39, 38 and 37 bps respectively. Lower rated bonds outperformed higher quality bonds over the month.

Performance

Total return was positive over the month on a gross basis despite continued rate volatility as US data continued its strong showing. The HY rated bonds underperformed IG rated bonds in the portfolio over the period.

From a sector perspective, bonds in the banking, healthcare, and financial services sectors provided the largest contribution to returns while bonds in the real estate sector lagged.

From a regional perspective, bonds in North America were the main contributor to returns, followed by Europe, while bonds in Asia lagged.

The fund saw a negative contribution from the IRS while the currency hedges used to hedge non-USD bond posted a positive contribution over the month.

As the fund near its termination date, proceeds from maturing bonds are increasingly invested into commercial paper and other short-term instruments.

Outlook

November kicked off with a sharp fall in Treasury rates. While the FOMC left rates unchanged, comments acknowledged the likely negative impact of tighter lending and credit conditions on businesses and consumers. Together with a weaker than expected jobs report, investors took this as validation of the view that the economy is perhaps slowing more substantially than previously thought, causing markets to move up their expectations on potential rate cuts. Our view is that the global economy will fall into recession, and we think its likely to occur in the first half of 2024. As a result, over the longer term we still expect that spreads are more likely to move wider as we move towards a slowdown. In the short term, while we don't see any specific catalyst that would send spreads meaningfully wider, we do recognize the increased uncertainty which could lead to some short-term volatility in both rates and credit spreads. We continue to have a defensive bias but remain tactical with our positioning, taking advantage of short-term opportunities as they arise.

Risk disclosures

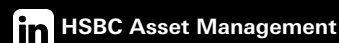
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility 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 October 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



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