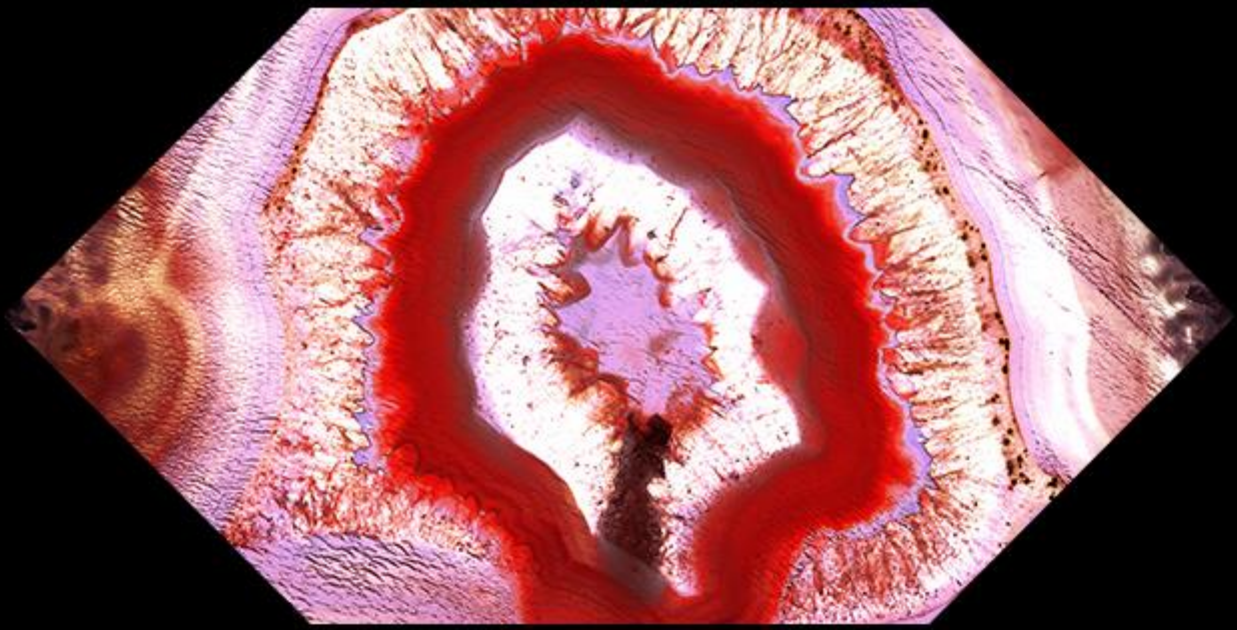
HSBC Securitised Credit Strategies

Strategy Overview – January 2024



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

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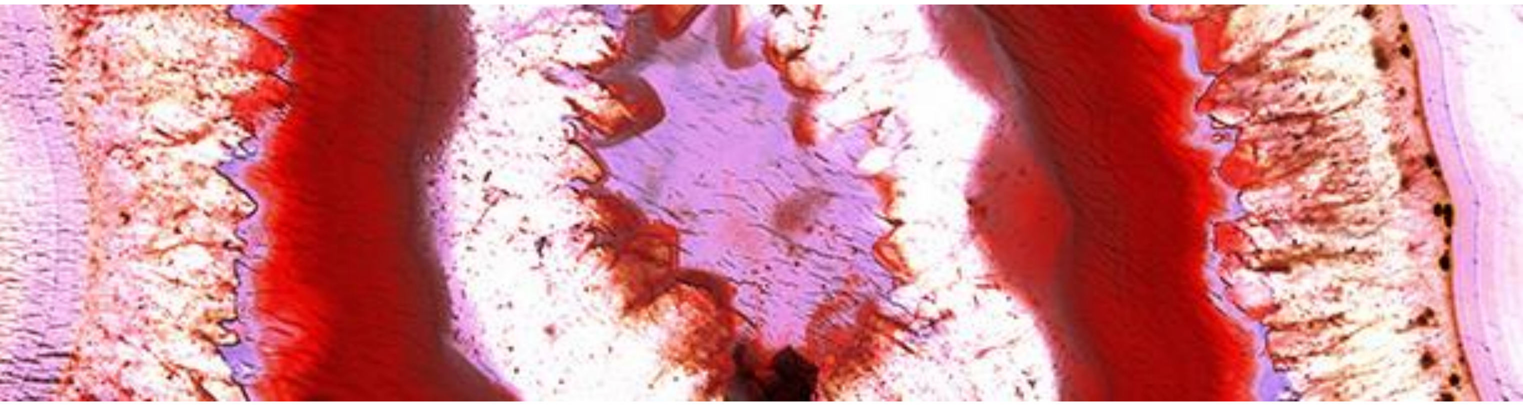

What is Securitised Credit?

A floating rate asset class

The largest class of floating rate Fixed Income. The coupon is spread above a reference rate, making it more attractive compared to Fixed Income in a high interest rate environment.

Backed by collateral

Cashflows generated from specific pools of collateral backing bond, including mortgage-backed securities, student loans and auto loans, amongst others.

Tranched by seniority

The tranches in the structure allow investors to select how much risk exposure they take on, dependent on chosen tranche invested in.

Value added through issuer selection

Should produce higher quality returns than large duration or sector positions.

How does Securitised Credit compare to traditional Fixed Income?

Securitised Credit	Traditional Corporate Bonds
Floating rate coupons offer a margin above a reference rate such as the LIBOR.	**Fixed rate** coupons locked in over full length of bond's maturity period.
Tranches of seniority allow note holders to receive payments and suffer losses dependent on chosen risk level.	**No tranches** means that all bond holders receive payments and suffer losses equally.
Amortising maturity dates mean that principal is repaid over lifetime of maturity.	**Fixed maturity dates** mean that principal is received upon maturity date.
Credit rating depends on **level of credit enhancement**, used to protect against losses.	Credit rating depends on **issuers ability to repay** the bond.
Cash flow generated from underlying collateral such as mortgage repayments.	**Cash flow generated from issuer's underlying business activity.**

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Why consider investing in Securitised Credit?

Yield pick up

Offers a pickup in yield to similarly rated corporate bonds, mainly due to its complexity premium. Can enhance portfolio yield without increasing credit risk or duration.

Diversification

Low correlation to traditional Fixed Income can add value through diversification when replacing or adding to a traditional Fixed Income portfolio. There is opportunity to reduce portfolio duration, potentially enhancing returns, whilst maintaining a desired level of credit quality.

Potential for spread compression

Securitised Credit is a credit product. With credit spreads in the asset class remaining wide, there is a potential for spread tightening and capital appreciation as the global economy begins to slow.

Diversified access

Enables investors to gain exposure to diversified, illiquid asset classes that are difficult for investors to access directly, such as residential mortgages, which are originated by banks.

Risk and reward preference

Senior tranches expose investors to lower risk, thus lower returns, as they receive interest and principal payments from the collateral first.

Investors in the subordinate tranches are exposed to more risk, but are rewarded greater returns, as the tranches effectively provide 'leveraged' exposure to the collateral.

Highly experienced team

Our team at HSBC holds an average of 18 years of experience. Each sector within Securitised Credit (e.g., CMBS, RMBS, CLOs) has a dedicated Portfolio Manager and Analyst, allowing a global value approach to be taken in unlocking the potential within Securitised Credit.

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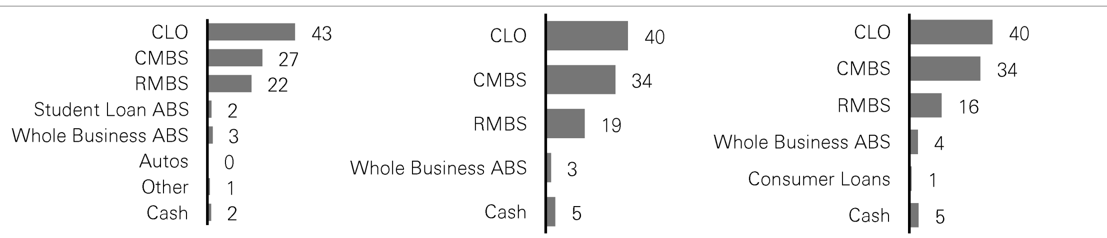
	Investment Grade	Flexible	High Yield
Investment Universe	AAA to A rated Global Securitised Credit	Invest across the full spectrum of rating, region and sectors	Predominantly non-investment Grade Global Securitised Credit
Fund AUM (USD)	**1,960m**	**79m**	**76m**
Strategy AUM (USD)	1,960m	526m	76m
Average credit quality	AA	BBB	BB+
Duration	**0.5 year**	**0.4 year**	**0.4 year**
Spread duration	2.3 years	2.8 years	3.2 years
Yield to maturity	**6.4%**	**8.9%**	**10.2%**
Investment Format	Pooled Fund / Segregated Mandates	Pooled Fund / Segregated Mandates	Pooled Fund / Segregated Mandates
Fund Liquidity	Daily	Weekly (3 business days notice for redemptions)	Weekly (5 business days notice for redemptions)
Fund Ongoing Charges	0.60% (X share class) Management: 0.45%, Expenses: 0.15%	0.75% (X share class) Management: 0.60%, Expenses: 0.15%	0.85% (X share class) Management: 0.70%, Expenses: 0.15%

Rating Distribution (%)

Geographic Distribution (%)

Sector Distribution (%)



Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.
Source: HSBC Asset Management as of 31 December 2023. SFDR Article 8 Funds. Ratings are an average of S&P, Moody's, Fitch, DBRS and Kroll. Cash includes actual cash, liquidity fund investments and contributions to NAV from FX forwards. Totals may not add up to 100% due to rounding.

Key risks

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- **Interest Rate Risk:** As interest rates rise debt securities will fall in value. The value of debt is inversely proportional to interest rate movements.
- **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- **Credit Risk:** Issuers of debt securities may fail to meet their regular interest and/or capital repayment obligation. All credit instruments therefore have the potential for default. Higher yielding securities are more likely to default.
- **Default Risk:** The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- **Emerging Markets Risk:** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- **Exchange Rate Risk:** Investing in assets denominated in a currency other than that of the investor's own currency perspective exposes the value of the investment to exchange rate fluctuations.
- **Investment Leverage Risk:** 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.
- **Asset Backed Securities (ABS) Risk:** ABS are typically constructed from pools of assets (e.g. mortgages) that individually have an option for early settlement or extension, and have potential for default. Cash flow terms of the ABS may change and significantly impact both the value and liquidity of the contract.
- **Derivatives Risk:** The value of derivative contracts is dependent upon the performance of an underlying asset. A small movement in the value of the underlying can cause a large movement in the value of the derivative. Unlike exchange traded derivatives, over-the-counter (OTC) derivatives have credit risk associated with the counterparty or institution facilitating the trade.
- **High Yield Risk:** Higher yielding debt securities characteristically bear greater credit risk than investment grade and/or government securities.
- **Liquidity Risk:** Liquidity is a measure of how easily an investment can be converted to cash without a loss of capital and/or income in the process. The value of assets may be significantly impacted by liquidity risk during adverse markets conditions.
- **Operational Risk:** The main risks are related to systems and process failures. Investment processes are overseen by independent risk functions which are subject to independent audit and supervised by regulators.

Further information on the potential risks can be found in the Key Investor Information Document (KIID) and/ or the Prospectus or Offering Memorandum.

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The decision to invest in the funds should take account of all the characteristics or objectives as described in the prospectus or equivalent document. Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found at: https://www.assetmanagement.hsbc.co.uk/en/intermediary/investment-expertise/sustainable-investments/sustainable-investment-product-offering

The value of the underlying assets is strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. The sub-fund can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry increased risk of default on repayment. The performance of bonds, gilts and other fixed interest securities tends to be less volatile than those of shares of companies (equities). However, there is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up. Income offered by bonds often reflects, in part, the risk rating of the issuer. The underlying funds can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry increased risk of default on repayment. This may affect the level of income the investor receives and/or the capital value of their investment. The level of yields is not guaranteed and may rise or fall in the future.

HGIF Global Investment Grade Securitised Credit Bond, HGIF Global High Yield Securitised Credit Bond and HGIF Global Securitised Credit Bond are actively managed.

The funds may use derivatives for the purposes of efficient portfolio management i.e. to meet the investment objective of the Fund and it is not intended that their use will raise the overall risk profile of the Fund. Please note derivative instruments may involve a high degree of financial risk. These risks include the risk that a small movement in the price of an underlying security or benchmark may result in disproportionately large movement; unfavourable or favourable in the price of the derivative instrument; the risk of default by counterparty; and the risk that transactions may not be liquid.

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns.

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