

HSBC Investment Funds Trust - HSBC Asian High Yield Bond Fund

Share Class AM2USD

31 Jan 2021

Risk Disclosure

- The Fund invests mainly in Asian high yield bonds.
- The Fund is subject to the risk of investing in emerging markets.
- Debt instruments with loss-absorption features, non-investment grade bonds and unrated bonds are subject to additional risks and volatility.
- Because the Fund's base currency, investments and classes may be denominated in different currencies, investors may be affected adversely by exchange controls and exchange rate fluctuations. There is no guarantee that the currency hedging strategy applied to the relevant classes will achieve its desired result.
- The Fund may pay dividends out of capital or gross of expenses. Dividend is not guaranteed and may result in capital erosion and reduction in net asset value.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, currency, volatility, liquidity, interest rate, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Unit trusts are NOT equivalent to time deposits. Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

Fund Objective and Strategy

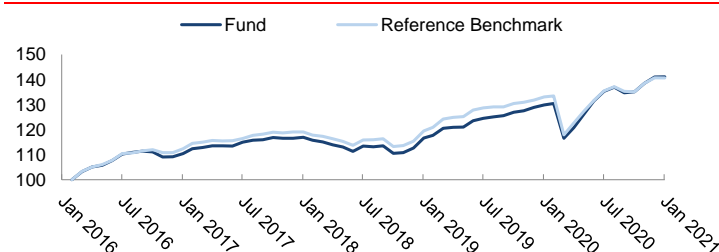
Investment Objective

The Fund aims to achieve higher level of income and capital appreciation through investing primarily in a diversified portfolio of higher yielding fixed income securities including investment grade, noninvestment grade and unrated bonds that are primarily denominated in USD, traded or issued by issuers in the Asian markets.

Investment Strategy

The Fund will normally invest in a broad range of fixed income securities and instruments including government bonds, corporate bonds, convertible bonds and monetary instruments. The Fund will invest in high-yield securities including, but not limited to, investment grade and non-investment grade bonds and other similar securities (rated and unrated). The Fund may also invest in financial derivative instruments for investment and hedging purposes. Financial derivative instruments which may be used for investment purposes are futures, options and warrants. The Fund may also hold cash on deposit pending reinvestment and invests in contingent convertible securities.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹
AM2USD	0.08	0.08	4.45	8.63	20.65	42.19
Reference Benchmark	-0.06	-0.06	4.06	5.70	18.11	41.33

Calendar Year Performance (%) ²	2016	2017	2018	2019	2020
AM2USD	9.97	6.79	-3.29	14.33	9.41
Reference Benchmark	10.74	7.49	-3.06	14.20	6.74

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations.

Source: HSBC Global Asset Management, data as at 31 January 2021

¹Result is cumulative when calculation period is over one year.

²The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history.

Share Class Details

UCITS V Compliant	No
Distribution Type	Distributing
Distribution Frequency	Monthly
Dealing Frequency	Daily
Min. Initial Investment	USD 1,000
Max. Initial Charge	3.00%
Management Fee	1.25%
Share Class Base Currency	USD
Domicile	Hong Kong
ISIN	HK0000349578
Share Class Inception Date	20 May 2011
NAV per Share	USD 10.11
Fund Size	USD 2,498,699,013
Bloomberg Ticker	HAHYAMU HK
Reference Benchmark	70% JP Morgan ACI Corporate Non Investment Grade, 20% JP Morgan ACI Sovereign (Indonesia, Mongolia, Pakistan, Philippines, Sri Lanka and Vietnam only), 10% JP Morgan ACI Quasi Sovereign (Indonesia, Mongolia, Pakistan, Philippines, Sri Lanka and Vietnam only)
Manager	Alfred Mui Cecilia Chan

Reference Performance Benchmark: 70% JP Morgan ACI Corporate Non Investment Grade, 20% JP Morgan ACI Sovereign (Indonesia, Mongolia, Pakistan, Philippines, Sri Lanka and Vietnam only), 10% JP Morgan ACI Quasi Sovereign (Indonesia, Mongolia, Pakistan, Philippines, Sri Lanka and Vietnam only) since 1 Dec 2016. From 1 Jan 2016 - 30 Nov 2016, the benchmark was 70% JP Morgan ACI Corporate Non Investment Grade, 20% JP Morgan ACI Sovereign Non Investment Grade, 10% JP Morgan ACI Quasi Sovereign Non Investment Grade. Since inception - 31 Dec 2015, there was no benchmark.

Fund change that may have material impact on performance: 1 Jul 2017 - trustee fee reduced. 16 Nov 2018 - Change in the manner of charging preliminary charge / switching fee.



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3-Year Risk Measures	AM2USD	Reference Benchmark	5-Year Risk Measures	AM2USD	Reference Benchmark
Volatility	8.60%	8.88%	Volatility	7.02%	7.20%
Sharpe Ratio	0.55	0.44	Sharpe Ratio	0.83	0.79
Tracking Error	1.01%	-	Tracking Error	1.09%	-
Information Ratio	0.75	-	Information Ratio	0.12	-

Characteristics	Fund	Reference Benchmark	Relative	Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	316	612	-	Average Credit Quality ³	BB/BB-	BB/BB-	-
Portfolio Yield	6.05	5.63	0.43	Maturity Average	6.72	6.08	0.64
Average Yield to Maturity	6.21	5.87	0.34	Number of Issuers	119	236	-

Credit Quality Rating Allocation (Market Value %)	Fund	Reference Benchmark	Relative	Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
AA	0.42	-	0.42	Real Estate	43.20	35.02	8.18
A	1.16	-	1.16	Energy	11.51	8.44	3.07
BBB	16.82	28.00	-11.18	Government	9.74	20.17	-10.43
BB	30.41	26.14	4.28	Basic Materials	8.13	4.51	3.62
B	43.23	26.98	16.25	Consumer Cyclical	7.93	6.68	1.25
CCC	1.66	2.93	-1.27	Utilities	6.50	5.39	1.10
NR	4.22	15.96	-11.74	Diversified Finan serv	3.26	2.27	0.99
Cash	2.08	-	2.08	Consumer Non cyclical	2.58	2.66	-0.08

Sorted from highest to lowest rating. Cash is not included in any rating.

Maturity Breakdown (Effective Duration)	Fund	Reference Benchmark	Relative
0-2 years	0.37	0.38	-0.01
2-5 years	1.01	1.16	-0.15
5-10 years	0.59	0.93	-0.35
10+ years	2.70	1.91	0.79
Total	4.67	4.38	0.29

Sorted from shortest to longest per the length of maturity.

Currency Allocation (Market Value %)	Fund	Reference Benchmark	Relative
USD	90.66	100.00	-9.34
CNH	5.16	-	5.16
SGD	2.92	-	2.92
CNY	0.74	-	0.74
HKD	0.47	-	0.47
AUD	0.05	-	0.05
EUR	0.00	-	0.00
CAD	0.00	-	0.00

Sorted from largest to smallest per market values of weight.

Top 10 Holdings (%)	Weight (%)
PERUSAHAAN LISTR 6.150 21/05/48	1.50
MEDCO OAK TREE 7.375 14/05/26	1.26
PERIAMA HOLDINGS 5.950 19/04/26	1.18
ABJA INVESTMENT 5.450 24/01/28	1.09
INDIKA ENERGY IV 8.250 22/10/25	1.05
PT PERTAMINA 6.450 30/05/44	1.00
INDONESIA (REP) 5.125 15/01/45	0.92
INDONESIA (REP) 4.450 15/04/70	0.86
THETA CAPITAL 8.125 22/01/25	0.77
INDONESIA (REP) 5.250 08/01/47	0.74

Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
Real Estate	43.20	35.02	8.18
Energy	11.51	8.44	3.07
Government	9.74	20.17	-10.43
Basic Materials	8.13	4.51	3.62
Consumer Cyclical	7.93	6.68	1.25
Utilities	6.50	5.39	1.10
Diversified Finan serv	3.26	2.27	0.99
Consumer Non cyclical	2.58	2.66	-0.08
Banks	2.47	6.21	-3.74
Industrial	0.90	3.02	-2.12
Other Sectors	1.70	5.64	-3.93
Cash	2.08	-	2.08

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

Geographical Allocation (Market Value %)	Fund	Reference Benchmark	Relative
Mainland China	45.81	38.79	7.02
Indonesia	24.61	25.12	-0.51
India	13.35	7.88	5.46
Hong Kong SAR	3.94	9.03	-5.09
Macau SAR	3.50	2.31	1.19
Philippines	3.31	10.37	-7.06
Australia	0.58	-	0.58
United States	0.56	-	0.56
Sri Lanka	0.54	1.29	-0.75
Singapore	0.47	0.77	-0.30
Other Locations	1.24	4.43	-3.19
Cash	2.08	-	2.08

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

³Average credit rating uses 'Index rating' which is an average of S&P, Fitch, Moody's. The average fund and benchmark rating does not include securities rated NR or NA.

Monthly Performance Commentary

Portfolio strategy

The fund returned positively in January despite broadly higher US treasury yields. On a relative basis, the fund benefitted from favourable selection in the China property and Indonesia investment grade corporate sectors. An overweight in the Indonesia coal mining sector also proved rewarding amid increased demand for coal from China. Conversely, the fund's underweight in Sri Lanka sovereign and state owned enterprises weighed on relative returns as these bonds rallied strongly over the month. Credit selection in the India high yield commodity sector also did not help.

In terms of overall portfolio allocation, we maintain our overweight in India and Indonesia corporates, particularly the utilities sector for its more defensive nature. In India, we are also overweight selected holdings in the commodity and financial sectors. In Indonesia, apart from the utilities sector, we also hold an overweight in the coal mining sector on an individual bond selection basis. At the same time, we have also retained our overweight in the China property sector. However, we are selective in this space and expect greater credit differentiation going forward given the current uncertain macro backdrop. On the other hand, we are underweight sectors where we find valuations unattractive. For instance, we are underweight Philippines and Hong Kong. Similarly, we are also underweight sovereign and quasi sovereign bonds as well as bank subordinated debt. We continue to expect accommodative monetary policy stance in the US to buffer against the near-term economic downside risks. However, given the market optimism on global growth, we look to actively manage our duration exposure and have turned more neutral in the fund's duration exposure.

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Terms of Glossary

Accumulation Share: a type of share where the income earned by the Fund is retained in the Fund

ACD: HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

Actively Managed: where the fund manager uses their expertise to pick investments to achieve the fund's objectives

Beta: an historical measure of volatility to measure how a fund moves versus its benchmark (i.e. an Index)

Bond(s): a loan, usually to a company or government, that pays interest

Bond Index Futures: a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date

Collective Investment Scheme: a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

Credit Rating: an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it

Developed Markets: countries with relatively high levels of personal income and established economies

Duration: a measure of how long it takes in years for an investor in a bond to recoup the price they paid for the bond from its interest payments. It provides an indication of how much bond prices are likely to change if and when interest rates change

Emerging Markets (EM): countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

Futures: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price

Growth: the increase in the value of investments

Government Bond or Gilt: a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government

Hedge Funds: an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

Hedge or Hedging: using derivative type investments as a way to reduce risk

High yield bond: a bond paying a higher level of interest but which has a lower credit rating than investment grade

Income: money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

Income Share: the type of Share where the income earned by the Fund is paid out to you

Information Ratio: a measure of the risk-adjusted return of a fund against its benchmark

Investment Grade: a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to it

Maturity: the period of time left for a bond or gilt to remain outstanding before the original loan and any final interest is repaid to the lender

Net Asset Value (NAV): the value of the scheme property of a fund less the liabilities of the fund

Ongoing Charges Figure: a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

Effective Duration: a duration value based on the probability of early redemption call by the bond issuer

Option adjusted spread duration (OASD): estimates the price sensitivity of a bond to a 100 basis-point movement (either widening or narrowing) in its spread relative to treasuries, taking into account the likelihood of early redemption

Property-related securities: shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

Return(s): the money made or lost on an investment

Share(s): an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations

Volatility: a measure of the size and frequency of changes in the value of an investment over a short space of time

Yield: the income from an investment, usually stated as a percentage of the value of the investment

Yield to Maturity: the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage

Portfolio Yield: the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage

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Supplement Information Sheet

31 Jan 2021

Share Class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield (Distribution is not guaranteed and may be paid out of capital)
AM2USD	USD	Monthly	29 Jan 2021	0.048000	5.85%
AM2USD	USD	Monthly	31 Dec 2020	0.051700	6.29%
AM2USD	USD	Monthly	30 Nov 2020	0.053700	6.62%
AM2USD	USD	Monthly	30 Oct 2020	0.055000	6.93%
AM2USD	USD	Monthly	30 Sep 2020	0.050100	6.27%
AM2USD	USD	Monthly	31 Aug 2020	0.050800	6.22%
AM2USD	USD	Monthly	31 Jul 2020	0.054500	6.74%
AM2USD	USD	Monthly	30 Jun 2020	0.060600	7.71%
AM2USD	USD	Monthly	29 May 2020	0.063500	8.38%
AM2USD	USD	Monthly	29 Apr 2020	0.073500	10.14%
AM2USD	USD	Monthly	31 Mar 2020	0.048800	6.83%
AM2USD	USD	Monthly	28 Feb 2020	0.047700	5.91%
ACHKD	HKD	-	-	-	-
ACUSD	USD	-	-	-	-
AM2HKD	HKD	Monthly	29 Jan 2021	0.047900	5.85%
AM2HKD	HKD	Monthly	31 Dec 2020	0.051600	6.29%
AM2HKD	HKD	Monthly	30 Nov 2020	0.053600	6.62%
AM2HKD	HKD	Monthly	30 Oct 2020	0.054800	6.92%
AM2HKD	HKD	Monthly	30 Sep 2020	0.049900	6.27%
AM2HKD	HKD	Monthly	31 Aug 2020	0.050700	6.23%
AM2HKD	HKD	Monthly	31 Jul 2020	0.054400	6.74%
AM2HKD	HKD	Monthly	30 Jun 2020	0.060500	7.72%
AM2HKD	HKD	Monthly	29 May 2020	0.063400	8.38%
AM2HKD	HKD	Monthly	29 Apr 2020	0.073300	10.13%
AM2HKD	HKD	Monthly	31 Mar 2020	0.049000	6.87%
AM2HKD	HKD	Monthly	28 Feb 2020	0.047600	5.87%
AM3HAUD	AUD	Monthly	29 Jan 2021	0.039000	4.87%
AM3HAUD	AUD	Monthly	31 Dec 2020	0.047600	5.95%
AM3HAUD	AUD	Monthly	30 Nov 2020	0.050600	6.42%
AM3HAUD	AUD	Monthly	30 Oct 2020	0.052200	6.76%
AM3HAUD	AUD	Monthly	30 Sep 2020	0.047300	6.09%
AM3HAUD	AUD	Monthly	31 Aug 2020	0.047900	6.04%
AM3HAUD	AUD	Monthly	31 Jul 2020	0.051600	6.56%
AM3HAUD	AUD	Monthly	30 Jun 2020	0.057800	7.56%
AM3HAUD	AUD	Monthly	29 May 2020	0.060300	8.19%
AM3HAUD	AUD	Monthly	29 Apr 2020	0.064100	9.07%
AM3HAUD	AUD	Monthly	31 Mar 2020	0.041000	5.89%
AM3HAUD	AUD	Monthly	28 Feb 2020	0.041300	5.23%
AM3HEUR	EUR	Monthly	29 Jan 2021	0.032100	4.06%
AM3HEUR	EUR	Monthly	31 Dec 2020	0.042200	5.36%
AM3HEUR	EUR	Monthly	30 Nov 2020	0.044900	5.78%
AM3HEUR	EUR	Monthly	30 Oct 2020	0.046500	6.11%
AM3HEUR	EUR	Monthly	30 Sep 2020	0.041500	5.42%
AM3HEUR	EUR	Monthly	31 Aug 2020	0.042100	5.38%
AM3HEUR	EUR	Monthly	31 Jul 2020	0.045000	5.80%
AM3HEUR	EUR	Monthly	30 Jun 2020	0.052500	6.96%
AM3HEUR	EUR	Monthly	29 May 2020	0.055100	7.58%
AM3HEUR	EUR	Monthly	29 Apr 2020	0.059500	8.53%
AM3HEUR	EUR	Monthly	31 Mar 2020	0.028100	4.06%
AM3HEUR	EUR	Monthly	28 Feb 2020	0.030300	3.90%
AM3HRMB	CNH	Monthly	29 Jan 2021	0.065500	8.17%
AM3HRMB	CNH	Monthly	31 Dec 2020	0.076000	9.49%
AM3HRMB	CNH	Monthly	30 Nov 2020	0.072700	9.18%
AM3HRMB	CNH	Monthly	30 Oct 2020	0.077600	10.03%
AM3HRMB	CNH	Monthly	30 Sep 2020	0.068100	8.72%
AM3HRMB	CNH	Monthly	31 Aug 2020	0.067600	8.47%
AM3HRMB	CNH	Monthly	31 Jul 2020	0.068500	8.62%
AM3HRMB	CNH	Monthly	30 Jun 2020	0.075500	9.78%
AM3HRMB	CNH	Monthly	29 May 2020	0.068000	9.08%
AM3HRMB	CNH	Monthly	29 Apr 2020	0.066700	9.24%
AM3HRMB	CNH	Monthly	31 Mar 2020	0.057600	8.18%

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Supplement Information Sheet

31 Jan 2021

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 be comprised of both distributed income and capital.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: $(\text{dividend amount} / \text{NAV per share or units as of ex-dividend date}) \times n$; The calculation method of annualised yield from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n)^{1/n} - 1$, 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.