

HSBC Global Investment Funds

ULTRA SHORT DURATION BOND

Monthly report 31 December 2021 | Share class PM2

Fund center



Risk Disclosure

- The Fund mainly invests in bonds and money market instruments.
- 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.
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- 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, credit rating, currency, investment and volatility, liquidity, interest rate, valuation, general debt securities risks, sovereign debt risk, concentration risk, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes and RMB denominated Class are subject to higher currency and exchange rate risks.
- Investors should not invest solely based on factsheet and should read the offering documents for details

Investment objective

The Fund aims to provide short term capital growth and income by investing in a portfolio of bonds and money market instruments whose average duration of the portfolio holdings of the Fund is not expected to exceed one year, which is considered to be ultra-short duration.

Investment strategy

In normal market conditions, the Fund will invest at least 70% of its assets in fixed or floating-rate income bonds and other similar securities including money market instruments which are rated investment grade and are issued by governments, government-related entities, supranational entities and companies that are based in or carry out the larger part of their business in developed or emerging markets. In normal market condition, the Fund will invest less than 30% in non-investment grade rated and unrated bonds. The Fund may invest up to 10% in onshore Chinese bonds traded on the China Interbank Bond Market and up to 10% in bonds which have a maturity longer than five years. The Fund may invest in bonds issued in emerging markets to a level below 30% of its assets, up to 20% in ABS and MBS, up to 10% in contingent convertible securities, and up to 10% in other funds. See the Prospectus for a full description of the investment objectives and derivative usage.

Share Class Details

Key metrics

NAV per Share	USD 9.98
Performance 1 month	0.10%

Fund facts

UCITS V compliant	Yes
Dividend treatment	Distributing
Distribution Frequency	Monthly
Dividend ex-date	30 December 2021
Dividend annualised yield*	0.79%
Dividend Amount	0.006579
Dealing frequency	Daily
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	8 June 2021
Fund Size	USD 813,650,818
Managers	Jason E Moshos Viral Desai

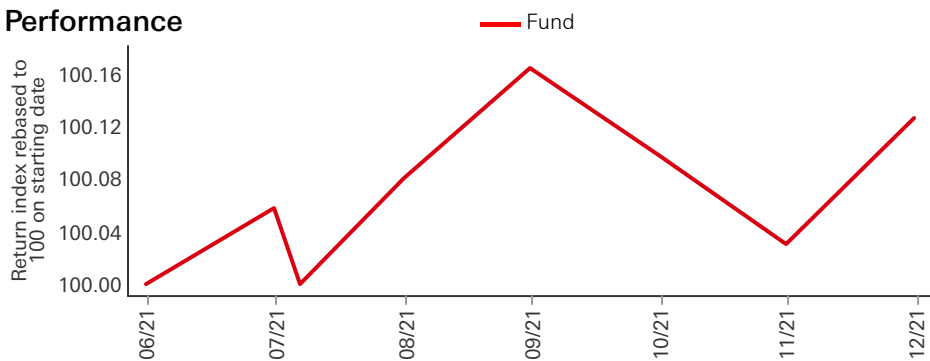
Fees and expenses

Maximum initial charge (HK)	3.000%
Management fee	0.300%

Codes

ISIN	LU2334455339
Bloomberg ticker	HUSDPM2 LX

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years	Since Inception
PM2	--	0.10	-0.04	0.13	--	--	--	0.13
Reference benchmark	--	--	--	--	--	--	--	--

Calendar year performance (%)	2017	2018	2019	2020	2021
PM2	--	--	--	--	--
Reference benchmark	--	--	--	--	--

The 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. Results are cumulative

3-Year Risk Measures	PM2	Reference benchmark	5-Year Risk Measures	PM2	Reference benchmark
Volatility	--	--	Volatility	--	--
Sharpe ratio	--	--	Sharpe ratio	--	--
Tracking error	--	--	Tracking error	--	--
Information ratio	--	--	Information ratio	--	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	552	--	--
Average coupon rate	2.21	--	--
Portfolio yield	1.07%	--	--
Effective duration	0.23	--	--
Average maturity	0.84	--	--

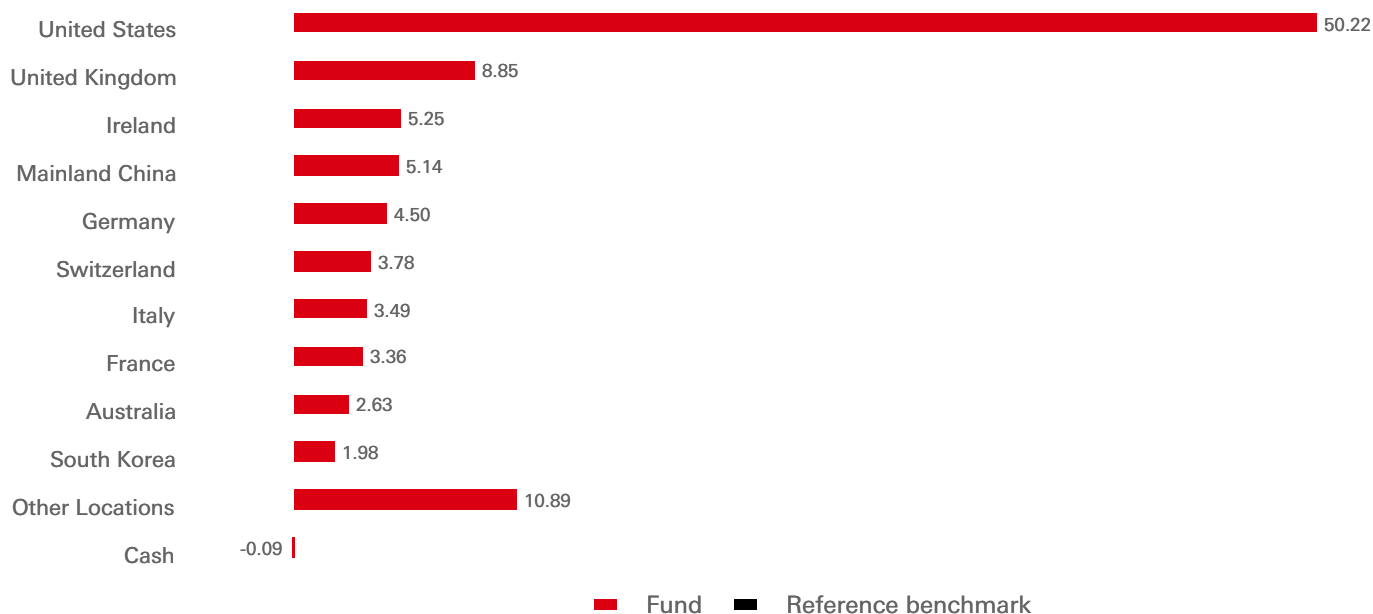
Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Effective duration)	Fund	Reference benchmark	Relative
AAA	15.48	--	--	0 - 6months	0.03	--	--
AA	6.33	--	--	6months - 1 years	0.14	--	--
A	26.44	--	--	1 years - 1.5 years	0.18	--	--
BBB	51.81	--	--	1.5 years - 2 years	-0.25	--	--
NR	0.02	--	--	2 years - 2.5 years	0.04	--	--
Cash	-0.09	--	--	2.5 years - 4 years	0.05	--	--
				Over 4 years	0.04	--	--
				Total	0.23	--	--

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. *The fund may pay dividends out of capital or gross of expenses. For definition of terms, please refer to the Glossary QR code.

Source: HSBC Asset Management, data as at 31 December 2021

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	100.02	--	--
EUR	0.00	--	--
AUD	0.00	--	--
HKD	0.00	--	--
CHF	0.00	--	--
SGD	0.00	--	--
GBP	-0.03	--	--

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Banking	24.05	--	--
Consumer Cyclical	11.08	--	--
Government Owned, No guarantee	6.78	--	--
Non Agency CMBS	6.38	--	--
CLO	5.91	--	--
Finance Companies	5.65	--	--
Consumer Non cyclical	4.71	--	--
Basic Industry	4.66	--	--
Treasury Bill	4.23	--	--
Energy	3.61	--	--
Other Sectors	23.03	--	--
Cash	-0.09	--	--

Top 10 Holdings	Weight (%)
US TREASURY N/B 0.125 15/12/23	3.38
BPCE 1.441 12/09/23	1.24
INTESA SANPAOLO 3.375 12/01/23	1.22
BANK OF AMER CRP 3.004 20/12/23	1.12
ENERGY TRANSFER 4.250 15/03/23	1.07
AMER ELEC PWR 2.950 15/12/22	1.00
ABBVIE INC 2.300 21/11/22	1.00
ATHENE GLOBAL FU 0.750 24/05/24	0.98
IHSFR 2018-SFR1 A 0.809 17/03/37	0.97
IHSFR 2018-SFR2 A 1.010 17/06/37	0.97

Monthly performance commentary

Fund Review

Credit spreads tighten back across ratings segments and regions thanks to a rally in risk assets in December. This was driven by encouraging data which showed that despite the spread of the new Omicron variant, hospitalizations have remained well below the peak levels of 2021. In addition, the more hawkish shift in the Fed's was largely in line with market expectations which dampened rates driven volatility. Short end government yields rose over the month with the 2 year US treasury gaining 0.16% to finish the month at 0.73% while the US Fed Funds rate remained at 0.08% at the start of January. Corporate bonds spreads in the US 0-1 Investment Grade market moved tighter by 1bp while spreads in the 1-3 year Investment Grade market moved tighter by 4 bps. In this market context the strategy saw negative return for the month from an absolute return basis gross of fees. The gross yield to worst of the portfolio was 1.07% at December end. The largest contributors to portfolio yield from a sector perspective were the banking, CLOs, consumer cyclicals and non-agency CMBS segments of the portfolio.

Positioning

While still A- on average, overall credit quality has increased with a reduction in BBB and A and an increase in AAA and AA ov. The portfolio is currently 40% floating rate with exposure made up of 23% corporate bonds and 17% securitized credit. The effective duration is 0.23 years while the spread duration is 1.31 years. We continue to like the 1-2 year segment of the corporate bond market where the steepness of the yield curve offers more attractive relative value vs the shorter end and at the same time we are employing Treasury futures to manage the effective duration of the portfolio.

Outlook

Investor sentiment was cautiously optimistic entering 2022 as fears over the economic impact of the Omicron variant eased somewhat given lower hospitalization rates than with previous variants. While a decrease of inflation pressure has been seen in select data points, concern remains around how investors will react to the roll-over of inflation numbers which consensus expectations believe will show a more general easing in the rate of inflation. This is balanced on the other hand with a more hawkish Fed, which has retired the use of "transitory" when referring to higher inflation and investors' concerns of a potentially faster lift-off should inflation data remain elevated. Economic growth is robust and is expected to remain so over the short to medium term. Corporate credit fundamentals and their outlook also remain strong but we see pockets of volatility in risk assets due to the Fed's normalization policy, the spread of the Omicron variant and its impact on global growth (especially in sectors looking to reopen and in more cyclical sectors), as well as the headline risks on China growth and its crackdown in various industry sectors. Developed market spreads are still close to historically tight levels, offering less potential for tightening, and a smaller cushion should we see additional treasury volatility. From a technical we expect an increase in issuance could cause some market weakness but also opportunities to add to attractive issuers through the primary market.

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Glossary



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Important Information

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.

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For definition of terms, please refer to the Glossary QR code.

Source: HSBC Asset Management, data as at 31 December 2021

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
AM2	USD	Monthly	30 September 2021	0.003475	0.42%
AM2	USD	Monthly	27 August 2021	0.002563	0.31%
AM2	USD	Monthly	30 July 2021	0.003967	0.48%
PC	USD	--	--	--	--
PCHAUD	AUD	--	--	--	--
PCHGBP	GBP	--	--	--	--
PCHKD	HKD	--	--	--	--
PCHRMB	CNH	--	--	--	--
PM2	USD	Monthly	30 December 2021	0.006579	0.79%
PM2	USD	Monthly	30 November 2021	0.005305	0.64%
PM2	USD	Monthly	29 October 2021	0.004264	0.51%
PM2	USD	Monthly	30 September 2021	0.004308	0.52%
PM2	USD	Monthly	27 August 2021	0.003300	0.40%
PM2	USD	Monthly	30 July 2021	0.004800	0.58%
PM2HKD	HKD	Monthly	30 December 2021	0.006603	0.79%
PM2HKD	HKD	Monthly	30 November 2021	0.005313	0.64%
PM2HKD	HKD	Monthly	29 October 2021	0.004274	0.51%
PM2HKD	HKD	Monthly	30 September 2021	0.004313	0.52%
PM3HAUD	AUD	Monthly	30 December 2021	0.002358	0.28%
PM3HEUR	EUR	Monthly	--	--	--
PM3HGBP	GBP	Monthly	--	--	--
PM3HRMB	CNH	Monthly	30 December 2021	0.029988	3.65%
PM3HRMB	CNH	Monthly	30 November 2021	0.029952	3.65%
PM3HSGD	SGD	Monthly	30 December 2021	0.007334	0.89%
PM3HSGD	SGD	Monthly	30 November 2021	0.006367	0.77%

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 from August 2019 is the compound yield calculation: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$, 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.

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