

HSBC Global Investment Funds

GLOBAL INVESTMENT GRADE SECURITISED CREDIT BOND

Monthly report 31 December 2023 | Share class AM2

Fund center



Risk Disclosure

- The Fund invests mainly in global asset backed securities and mortgage backed securities.
- Asset backed securities and mortgage backed securities may subject to additional risks and volatility.
- 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, credit rating, currency, volatility, liquidity, general debt securities, interest rate, valuation, geographic concentration, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes or 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 long term capital growth and income by investing in a portfolio of investment grade securitised bonds, while promoting ESG characteristics. The Fund qualifies under Article 8 of SFDR.


Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, the Fund will invest at least 90% of its assets in investment grade securitised bonds that are rated at least BBB- by a credit rating agency; including asset backed securities, commercial mortgage backed securities, collateralised loan obligations and residential mortgage backed securities. The underlying exposures of these assets include, but are not limited to, mortgages, auto-loans, corporate loans, bonds, credit cards, student loans and other receivables. The Fund may also invest in other bonds issued by companies, governments, government related-entities and supranational bodies worldwide. The Fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process to reduce risk and enhance returns. The Fund may invest up to 10% in onshore Chinese bonds traded on the China Interbank Bond Market and up to 10% in other funds. The Fund may temporarily, in the event a large subscription is received, invest in cash, money-market instruments issued by governments in developed markets. See the Prospectus for a full description of the investment objectives and derivative usage.

Share Class Details
Key metrics

 NAV per Share **USD 9.23**
Fund facts

 UCITS V compliant **Yes**

 Dividend treatment **Distributing**

 Distribution Frequency **Monthly**

 Dividend ex-date **28 December 2023**

 Dividend annualised yield* **7.00%**

 Dividend Amount **0.052171**

 Dealing frequency **Daily**

 Share Class Base Currency **USD**

 Domicile **Luxembourg**

 Inception date **29 May 2018**

 Fund Size **USD 1,989,649,234**

 Managers **Andrew John Jackson**
Fees and expenses

 Minimum initial investment (HK)¹ **USD 1,000**

 Maximum initial charge (HK) **3.000%**

 Management fee **0.900%**
Codes

 ISIN **LU1728044204**

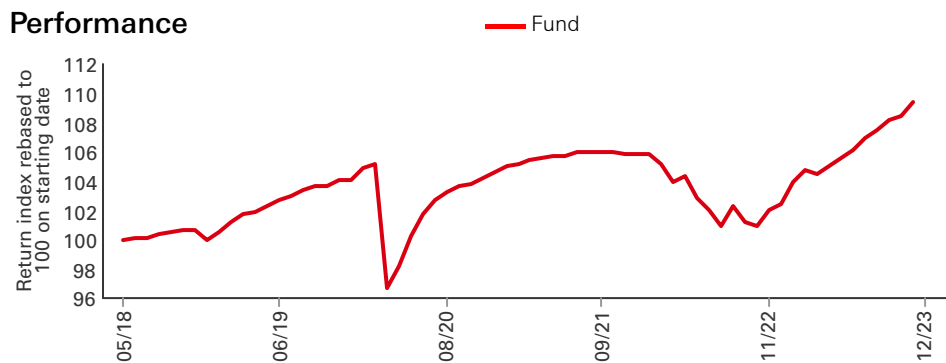
 Bloomberg ticker **HSGAAM2 LX**
¹Please note that initial minimum subscription may vary across different distributors

Past performance does not predict 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 2023

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years
AM2	7.66	0.82	1.96	3.93	7.66	5.48	10.24

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2	4.04	0.45	1.21	-3.19	7.66

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

Carbon footprint	Fund	Reference benchmark
Carbon intensity emissions	0.33	--

Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO₂e/USD million)
Source of analytics: Trucost

3-Year Risk Measures	AM2	Reference benchmark	5-Year Risk Measures	AM2	Reference benchmark
Volatility	2.36%	--	Volatility	4.32%	--
Sharpe ratio	-0.13	--	Sharpe ratio	0.02	--

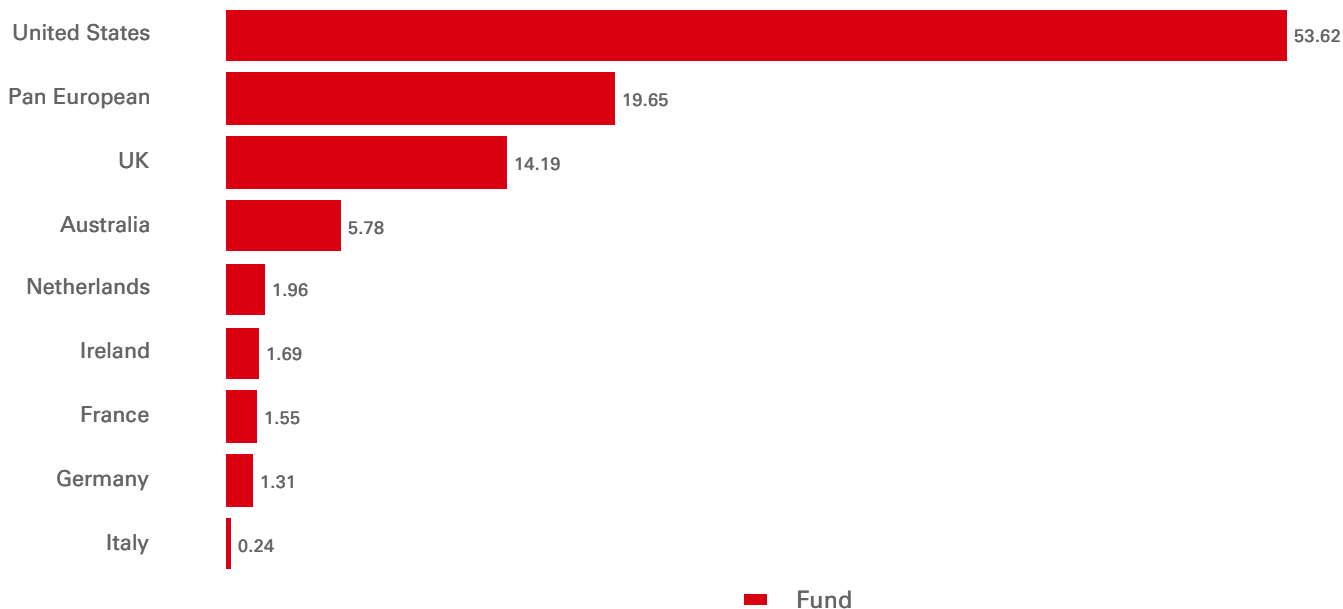
Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	319	--	--
Spread above SOFR	2.11%	--	--
Floating rate weight	87.29	--	--
Spread duration	2.29	--	--
Weighted average life	2.56	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Weighted average life (%)	Fund	Reference benchmark	Relative
AAA	45.01	--	--	0 - 2 years	25.42	--	--
AA	34.60	--	--	2 - 5 years	71.31	--	--
A	18.46	--	--	5 - 10 years	3.27	--	--
Cash	1.94	--	--				

Past performance does not predict 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 2023

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
CLO	43.05	--	--
CMBS	26.92	--	--
RMBS non-conforming	12.86	--	--
RMBS prime	8.85	--	--
Whole Business ABS	2.69	--	--
Student Loan ABS	2.15	--	--
Consumer Loans	1.24	--	--
Autos	0.31	--	--
Cash	1.94	--	--

Monthly performance commentary

There were no base interest rate changes in the month, but the market adjusted expectations for interest rate cuts in 2024 following central bank guidance, most notably the Fed. The economic backdrop remains fragile such that many believe recession is increasingly likely, with the UK and Europe most affected and the US least impacted. Despite the weak backdrop, credit spreads were marginally tighter through the month in every asset class including Securitised Credit. The new issue and secondary markets petered out towards year end as was expected. Credit performance continues to be fair for Securitised Credit with deals holding up well in the face of stress on borrowers' ability to pay from the significant run up in interest rates. Early signs of deterioration are appearing in rising delinquencies. Spreads are well supported given comparatively light new issuance volumes and solid performance. There is an expectation that spreads could be volatile either from performance issues or a wave of supply. Bid/offer spreads remain wide by historical levels, although tightening.

New issue Securitised Credit volumes outside of the US and excluding CLOs was less than €9.7bn in December, compared to close to €20bn in November, with circa €5.2bn distributed into the market. Retained issuance is often marketed in the future or used as repo collateral with central banks. New issuance was dominated by RMBS from the UK and Australia. The CLO Primary issued 27 US CLOs (\$12bn) in December (47 priced in November). 4 European CLOs (€1.5bn) priced (11 in November). There were 16 refinancing/reset trades of the 31 new issue CLOs. US CMBS new issue was \$13bn compared to \$15bn in November. Issuance was dominated by agency CMBS (close to \$9bn).

Fund Overview

At the end of December, there were 319 securities in 213 securitisations and a cash holding which is available to cover currency hedging collateral. In December, the fund sold 19 bonds and made no purchases. Sales were across all sectors and countries. Amortisations and repayments in the month were as expected. CLOs remain the largest sector exposure with 43% (previous month 43%), ahead of CMBS with 27% (26%) and RMBS with 22% (24%). The major geographic exposure remains the USA at 54%, with the Eurozone at 26% (of which 20% is Pan-European, with exposures in multiple countries). The UK represented 14% and Australia 6%. The portfolio was 13% fixed rate and 87% floating rate at the end of the month, with floating rate income based on SOFR, SONIA, EURIBOR, BBSW (Australia) or another relevant IBOR alternative. Approximately 54% of the instruments are USD-denominated and pay all income and repayments in US Dollars. The remaining 46% is denominated in Sterling, Euro and Australian Dollars. We hedge the full market value and accrued income back to USD each month. This hedge effectively covers all principal repayments. The fund remains invested in highly rated securities, with the weighted average rating of AA at month end.

Outlook

The economic outlook remains uncertain given the headwinds in the global economy, the situation in Ukraine and Middle East and continuing stress from elevated rates. The prospect of global recession remains probable, with many economists having it as a central case.

There is no direct exposure to Ukraine, Russia, China, Israel or the Middle East in Securitised Credit. Fundamental credit quality is strong for all the exposures in this fund. Most of securitised credit is floating rate and hence where interest rates remain elevated, this should result in high coupon income. Securitised Credit spreads suffer when there is a fall in confidence, as happened most recently with the banking shock. The immediate outlook therefore is a balance between credit shocks from the impending recession and strong income. In the longer term, any resolution or stabilisation to the many crises should result in a rapid recovery. Fundamental credit research is increasingly important to avoid weaker credits and take advantage of emerging opportunities. All the positions in this fund also enjoy strong credit enhancement, such that at the time of writing, this fund remains well positioned to avoid credit losses. As the crises and recovery develop, there will be opportunities to reposition the fund to take advantage of new opportunities.

Follow us on:



For more information please contact us
at Tel: 852 2284 1111.

Website:
www.assetmanagement.hsbc.com/hk

Glossary



[https://
www.assetmanagement.hsbc.com.hk/
api/v1/download/document/
lu0164865239/hk/en/glossary](https://www.assetmanagement.hsbc.com.hk/api/v1/download/document/lu0164865239/hk/en/glossary)

Important Information

The material contained herein is for marketing purposes and is for your information only. This document is not contractually binding nor are we required to provide this to you by any legislative provision. It does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

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.

This document is prepared for general information purposes only and does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Any views and opinions expressed are subject to change without notice. This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target. HSBC Asset Management has based this document on information obtained from sources it reasonably believes to be reliable. However, HSBC Asset Management does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information. Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document for further details including the risk factors. This document has not been reviewed by the Securities and Futures Commission. Copyright © HSBC Global Asset Management (Hong Kong) Limited 2023. All rights reserved. This document is issued by HSBC Global Asset Management (Hong Kong) Limited.

For definition of terms, please refer to the Glossary QR code.
Source: HSBC Asset Management, data as at 31 December 2023

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AM2	USD	Monthly	28 December 2023	0.052171	7.00%
AM2	USD	Monthly	30 November 2023	0.052058	7.00%
AM2	USD	Monthly	31 October 2023	0.051985	7.01%
AM2	USD	Monthly	27 September 2023	0.052109	6.97%
AM2	USD	Monthly	30 August 2023	0.052052	7.00%
AM2	USD	Monthly	27 July 2023	0.052030	7.00%
AM2	USD	Monthly	27 June 2023	0.049457	6.65%
AM2	USD	Monthly	31 May 2023	0.044991	6.03%
AM2	USD	Monthly	28 April 2023	0.045030	6.04%
AM2	USD	Monthly	29 March 2023	0.044996	6.04%
AM2	USD	Monthly	28 February 2023	0.041101	5.46%
AM2	USD	Monthly	31 January 2023	0.040854	5.45%
AM2HKD	HKD	Monthly	28 December 2023	0.051895	6.99%
AM2HKD	HKD	Monthly	30 November 2023	0.051703	6.99%
AM2HKD	HKD	Monthly	31 October 2023	0.051793	7.00%
AM2HKD	HKD	Monthly	27 September 2023	0.051878	6.96%
AM2HKD	HKD	Monthly	30 August 2023	0.052007	7.00%
AM2HKD	HKD	Monthly	27 July 2023	0.051765	7.01%
AM2HKD	HKD	Monthly	27 June 2023	0.049323	6.65%
AM2HKD	HKD	Monthly	31 May 2023	0.044893	6.04%
AM2HKD	HKD	Monthly	28 April 2023	0.045020	6.04%
AM2HKD	HKD	Monthly	29 March 2023	0.044986	6.04%
AM2HKD	HKD	Monthly	28 February 2023	0.041088	5.46%
AM2HKD	HKD	Monthly	31 January 2023	0.040739	5.44%
AM3HAUD	AUD	Monthly	28 December 2023	0.045051	5.73%
AM3HAUD	AUD	Monthly	30 November 2023	0.044008	5.61%
AM3HAUD	AUD	Monthly	31 October 2023	0.043422	5.55%
AM3HAUD	AUD	Monthly	27 September 2023	0.042912	5.44%
AM3HAUD	AUD	Monthly	30 August 2023	0.044272	5.65%
AM3HAUD	AUD	Monthly	27 July 2023	0.045865	5.86%
AM3HAUD	AUD	Monthly	27 June 2023	0.039953	5.09%
AM3HAUD	AUD	Monthly	31 May 2023	0.034175	4.34%
AM3HAUD	AUD	Monthly	28 April 2023	0.034921	4.44%
AM3HAUD	AUD	Monthly	29 March 2023	0.035946	4.58%
AM3HAUD	AUD	Monthly	28 February 2023	0.030291	3.81%
AM3HAUD	AUD	Monthly	31 January 2023	0.030802	3.89%
AM3HGBP	GBP	Monthly	28 December 2023	0.052980	6.61%
AM3HGBP	GBP	Monthly	30 November 2023	0.053414	6.68%
AM3HGBP	GBP	Monthly	31 October 2023	0.053719	6.74%
AM3HGBP	GBP	Monthly	27 September 2023	0.053868	6.70%
AM3HGBP	GBP	Monthly	30 August 2023	0.053663	6.72%
AM3HGBP	GBP	Monthly	27 July 2023	0.052607	6.58%
AM3HGBP	GBP	Monthly	27 June 2023	0.046153	5.76%
AM3HGBP	GBP	Monthly	31 May 2023	0.041416	5.15%
AM3HGBP	GBP	Monthly	28 April 2023	0.040061	4.98%
AM3HGBP	GBP	Monthly	29 March 2023	0.041668	5.20%
AM3HGBP	GBP	Monthly	28 February 2023	0.036362	4.48%

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: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n)^{1/n} - 1$, 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.

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

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

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AM3HGBP	GBP	Monthly	31 January 2023	0.033120	4.09%
AM3HRMB	CNH	Monthly	28 December 2023	0.029126	3.84%
AM3HRMB	CNH	Monthly	30 November 2023	0.038844	5.16%
AM3HRMB	CNH	Monthly	31 October 2023	0.042561	5.68%
AM3HRMB	CNH	Monthly	27 September 2023	0.032917	4.34%
AM3HRMB	CNH	Monthly	30 August 2023	0.026678	3.52%
AM3HRMB	CNH	Monthly	27 July 2023	0.028669	3.79%
AM3HRMB	CNH	Monthly	27 June 2023	0.028360	3.75%
AM3HRMB	CNH	Monthly	31 May 2023	0.022377	2.95%
AM3HRMB	CNH	Monthly	28 April 2023	0.020753	2.73%
AM3HRMB	CNH	Monthly	29 March 2023	0.026534	3.51%
AM3HRMB	CNH	Monthly	28 February 2023	0.023126	3.03%
AM3HRMB	CNH	Monthly	31 January 2023	0.019344	2.54%

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.

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

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