

HSBC Global Investment Funds

GLOBAL SHORT DURATION BOND

Monthly report 30 June 2022 | Share class AC



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of short duration bonds.



Investment strategy

The Fund is actively managed. In normal market conditions, the Fund will invest at least 70% in investment grade bonds and non-investment grade bonds 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. The Fund's average duration is expected to be between six months and three years. The Fund may invest 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. The Fund may also invest up to 20% in non-investment grade bonds. The Fund may invest up to 10% in onshore Chinese bonds which are issued within the People's Republic of China and traded on the China Interbank Bond Market. The Fund may invest up to 20% in asset-backed securities and mortgage-backed securities; 10% in contingent convertible securities and up to 10% in other funds, including HSBC 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 Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- 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.
- 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.

Share Class Details

Key metrics

NAV per Share	USD 10.88
Performance 1 month	-1.47%
Yield to maturity	4.60%

Fund facts

UCITS V compliant	Yes
Subscription mode	Cash / SRS (Supplementary Retirement Scheme)
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	27 February 2015
Fund Size	USD 294,040,213
Reference benchmark	100% Bloomberg Global Aggregate 1-3 Years Hedged USD
Managers	Ernst Josef Osiander Oliver Boulind Shamil Pankhanian

Fees and expenses

Minimum initial investment (SG) ¹	USD 1,000
Maximum initial charge (SG)	3.000%
Management fee	0.500%

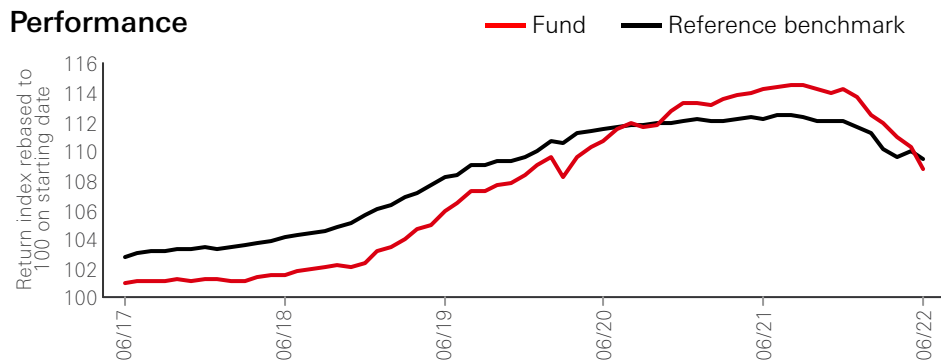
Codes

ISIN	LU1163226092
Bloomberg ticker	HSGSDBA LX

¹Please note that initial minimum subscription may vary across different distributors

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.
 Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark
 *Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.
 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 30 June 2022

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	-4.87	-1.47	-2.81	-4.87	-4.80	0.88	1.50
AC (Net)*	-7.64	-4.34	-5.65	-7.64	-7.57	-0.11	0.90
Reference benchmark	-2.30	-0.46	-0.59	-2.30	-2.46	0.40	1.27

Calendar year performance (%)	2017	2018	2019	2020	2021
AC	0.75	1.15	5.81	4.63	0.83
AC (Net)*	-2.19	-1.80	2.73	1.58	-2.11
Reference benchmark	1.35	2.18	3.72	2.32	-0.07

Carbon footprint	Fund	Reference benchmark	MSCI ESG Score	ESG score	E	S	G
Carbon intensity emissions	170.82	292.67	Fund	6.3	6.5	5.8	6.1
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO ₂ e/USD million)			Reference benchmark	5.9	5.4	6.9	6.1
Source of analytics: Trucost							

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	2.04%	1.03%	Volatility	1.70%	0.93%
Sharpe ratio	0.10	-0.26	Sharpe ratio	0.13	0.00
Tracking error	1.48%	--	Tracking error	1.24%	--
Information ratio	0.32	--	Information ratio	0.18	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	193	6,940	--
Average coupon rate	2.98	1.88	1.10
Yield to worst	4.44%	2.43%	2.01%
Option Adjusted Duration	1.75	1.84	-0.09
Modified Duration to Worst	2.41	1.84	0.58
Option Adjusted Spread Duration	3.45	1.88	1.57
Average maturity	3.93	1.90	2.03
Rating average	A-/BBB+	AA/AA-	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
AAA	10.72	40.53	-29.81	0-1 year	0.02	0.01	0.02
AA	2.52	12.95	-10.43	1-3 years	0.50	1.83	-1.33
A	25.34	32.90	-7.56	3-5 years	1.29	--	1.29
BBB	37.77	13.61	24.16	5+ years	-0.07	--	-0.07
BB	16.02	--	16.02	Total	1.75	1.84	-0.09
B	1.44	--	1.44				
NR	1.35	--	1.35				

Performance is annualised when calculation period is over one year. Past performance does not predict future returns.

Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

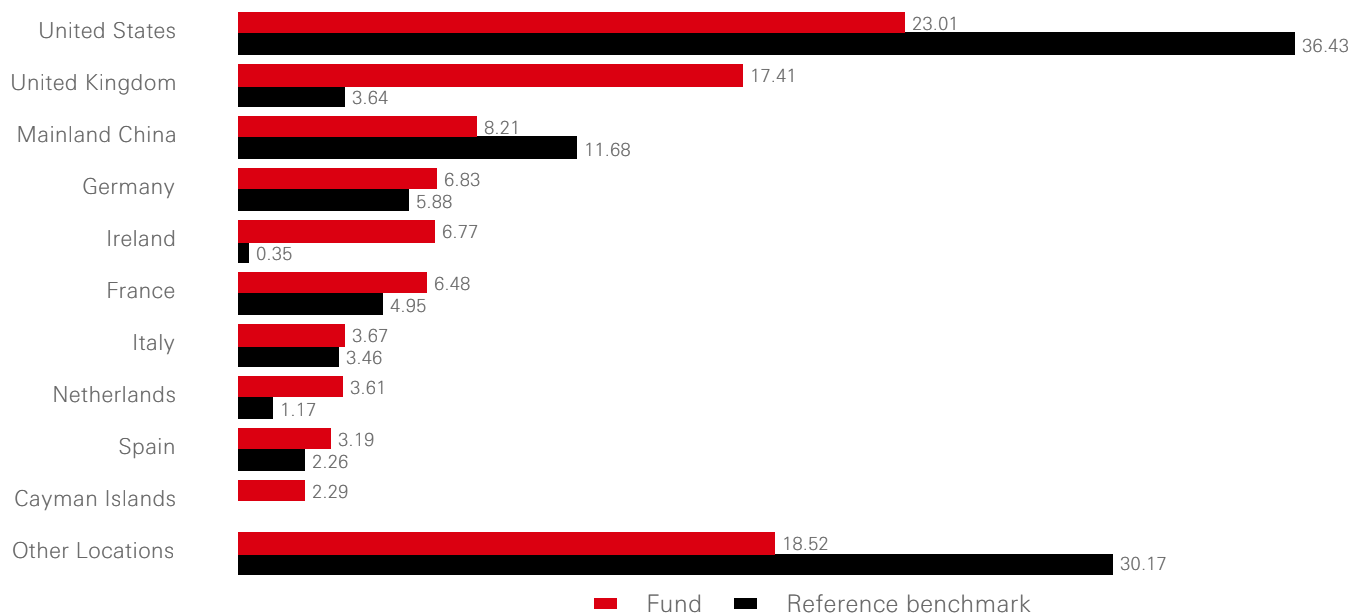
*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

Source: HSBC Asset Management, data as at 30 June 2022

Currency Bloc Allocation (Option Adjusted Duration)	Fund	Reference benchmark	Relative
Dollar	0.86	0.90	-0.04
EM Local Currency	0.29	0.24	0.04
Euro	0.26	0.46	-0.20
UK	0.24	0.06	0.18
Japan	0.11	0.19	-0.08
Total	1.75	1.84	-0.09

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.08	100.00	-0.92
CNY	7.90	--	7.90
CAD	1.61	--	1.61
HKD	0.55	--	0.55
JPY	0.46	--	0.46
SEK	0.00	--	0.00
Other Currencies	-9.60	--	-9.60

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Corp Fin	35.10	9.42	25.69
Treasuries	19.92	57.99	-38.07
Corp Non-fin	19.06	8.80	10.26
Collateralised	18.81	4.10	14.71
Supra/agencies	6.62	18.91	-12.29
credit default swap index	0.48	--	0.48
US Agency Mbs	--	0.78	-0.78

Top 10 Holdings	Weight (%)
EXP-IMP BK CHINA 3.180 05/09/26	2.03
JAPAN GOVT 10-YR 0.600 20/06/24	1.61
US TREASURY N/B 0.750 30/04/26	1.57
US TREASURY N/B 0.875 30/06/26	1.54
US TREASURY N/B 1.250 31/12/26	1.51
DEUTSCHLAND REP 0.000 15/08/26	1.48
BUNDESUBL-183 0.000 10/04/26	1.36
EXP-IMP BK CHINA 3.330 22/02/26	1.36
EXP-IMP BK CHINA 3.220 14/05/26	1.31
CHINA GOVT BOND 3.120 05/12/26	1.29

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

Monthly performance commentary

Performance review

The fund generated negative total and excess returns for the month and for the year-to-date. Duration was a modest positive given rates rose. The fund's curve flattener in US Treasuries added value while the flattener in Bunds cost. Also, short positions in European peripherals and Japanese government bonds cost modestly. Asset allocation was a negative with wider spreads in Investment Grade and High Yield developed market corporates along with wider valuations in EMD. Hedges in index credit derivatives offset some of the underperformance but not all. Holdings in Securitised credit also underperformed. Foreign exchange driver was almost flat as the USD strengthened further to a new cyclical high on the back of higher yields. The Euro has continued to struggle despite a more hawkish ECB but due to risks on the peripheral spreads and gas supply from Russia. We exited the position at a small loss. However, this was offset by the continuing outperformance of the CAD versus GBP.

Strategy

The fund rotated new issues especially in Financials and rotated exposure slowly out of USD and GBP credit into EUR with the goal of capturing high spreads and higher cross currency carry. We sold various High Yield credits where they would be more exposed (than other names held) to a potential recession. We had a tactical long in investment grade EMD sovereigns; goal is to trade the range in valuation; China, Philippines, Indonesia, Mexico, Chile. We added shorts in Spain and France alongside existing Italian position. We decided to exit the long EUR versus USD as the EUR weakened due to risks on the peripheral spreads and gas supply from Russia.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
PHOENIX GRP HLD PLC	0.54	SBAB 0.375 02/16/24 EMTN	0.14
ALLIANZ SE	1.59	KBBS 0.375 08/10/23	0.18
QBE INSURANCE GROUP LTD	1.62	MGNLN V3.875 07/20/49	0.25
ING GROEP NV	1.70	SLHNVX V4.375 PERP	0.29
DANSKE BANK A/S	1.98	SRENVX V4.25 PERP	0.33
HEATHROW FUNDING LTD	2.37	ALDFP 0 02/23/24 EMTN	0.36
ATHENE GLOBAL FUNDING	2.43	MINGNO 0.75 07/03/23	0.38
ASSICURAZIONI GENERALI	2.60	SAMPFH 1 09/18/23 EMTN	0.45
BANCO DE SABADELL SA	2.69	LNC 3.35 03/09/25	0.47
SYNCHRONY FINANCIAL	2.97	IAGCN V2.4 02/21/30	0.49

Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
ENERGEAN ISRAEL FINANCE	3,047.30	TAQAUH 3.875 05/06/24 REGS	17,495.37
PETROBRAS GLOBAL FINANCE	1,185.94	NTPCIN 3.75 04/03/24 EMTN	16,616.60
AUSNET SERVICES HOLDINGS	1,160.05	HNINTL 2.25 02/20/25	13,579.89
DELTA AIR LINES/SKYMILES	1,053.01	SMGRIJ 9 05/28/24 OB	11,445.36
VEOLIA ENVIRONNEMENT SA	1,017.12	SECO 4 04/08/24 REGS	9,936.55
ENERGIAS DE PORTUGAL SA	698.16	GDHJIN 1.875 06/23/25	9,450.54
IBERDROLA INTL BV	394.24	CPXCN 4.284 09/18/24 MTN	8,673.88
ELECTRICITE DE FRANCE SA	356.04	VST 3.55 07/15/24 144A	8,269.14
TOTALENERGIES SE	320.47	EVRG 2.45 09/15/24	4,875.18
SANDS CHINA LTD	274.89	HOLNSW 1 12/11/24	4,722.82

Risk Disclosure

- 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.
- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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Benchmark disclosure

The Investment Advisor will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the Fund's investments will be components of the reference benchmark. However, their weightings may deviate materially from those of the reference benchmark. The deviation of the Fund's performance relative to the benchmark is monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 30 June 2022

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Glossary



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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC USD	-4.87	-1.47	-2.81	-4.87	-4.80	0.88	1.50
AC USD (Net)*	-7.64	-4.34	-5.65	-7.64	-7.57	-0.11	0.90
ACHSGD SGD	-4.93	-1.49	-2.87	-4.93	-4.87	0.56	1.00
ACHSGD SGD (Net)*	-7.70	-4.36	-5.70	-7.70	-7.64	-0.43	0.41
ACSGD SGD	-2.11	0.03	-0.07	-2.11	-1.44	1.83	1.71
ACSGD SGD (Net)*	-4.96	-2.89	-2.98	-4.96	-4.31	0.83	1.11

Calendar year performance (%)	2017	2018	2019	2020	2021
AC USD	0.75	1.15	5.81	4.63	0.83
AC USD (Net)*	-2.19	-1.80	2.73	1.58	-2.11
ACHSGD SGD	0.23	0.34	5.01	4.13	0.74
ACHSGD SGD (Net)*	-2.69	-2.58	1.95	1.10	-2.20
ACSGD SGD	-6.80	3.15	4.37	2.85	3.16
ACSGD SGD (Net)*	-9.51	0.14	1.33	-0.15	0.15

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACHSGD	SGD	--	--	--	--
ACSGD	SGD	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	27 February 2015	LU1163226092	USD	USD 5,000	10.88	0.500%	Accumulating
ACHSGD	16 June 2016	LU1272399756	SGD	USD 5,000	10.52	0.500%	Accumulating
ACSGD	16 June 2016	LU1301846850	SGD	USD 5,000	11.13	0.500%	Accumulating

Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.

Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

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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 comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x 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 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.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Asset Management (Singapore) Limited website.

Source: HSBC Asset Management, data as at 30 June 2022