

HSBC Global Investment Funds - US Dollar Bond

Share Class AC

30 Sep 2020

Fund Objective and Strategy

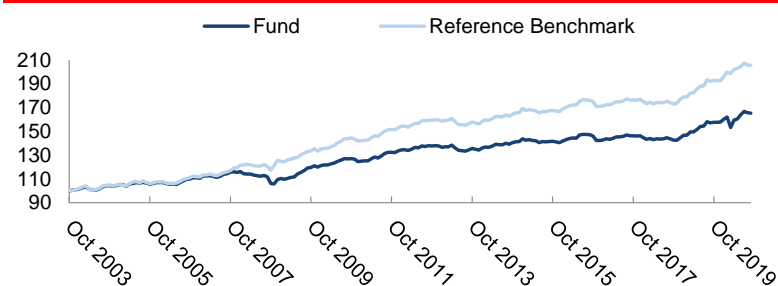
Investment Objective

The Fund invests for total return (meaning capital growth and income) in a diversified portfolio of bonds. These bonds are investment grade, and are denominated in US dollars. Most of the Fund's investments are in bonds from issuers in developed countries, such as those part of the Organisation for Economic Co-operation and Development (OECD).

Investment Strategy

The Fund can invest significantly (up to 50% of its assets) in asset-backed securities (ABS) and mortgage-backed securities (MBS). The Fund can also invest up to 10% of its assets in contingent convertible securities. Please see the Information Memorandum for a full description of the investment objectives and derivative usage.

Since Inception Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y ¹	5Y ¹	Since Inception ¹
AC	4.65	-0.28	0.81	5.14	4.15	3.16	3.01
Reference Benchmark	6.79	-0.05	0.62	6.98	5.24	4.18	4.34

Calendar Year Performance (%)	2015	2016	2017	2018	2019
AC	-0.58	1.25	2.73	-1.04	9.13
Reference Benchmark	0.55	2.65	3.54	0.01	8.72

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested.

Source: HSBC Global Asset Management, data as at 30 September 2020

Performance numbers shown are before netting off sales / realisation charges.

Risk Disclosure

- 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.
- 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.
- Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.

Share Class Details

UCITS V Compliant	Yes
Subscription Mode	Cash
Distribution Type	Accumulating
Dealing Frequency	Daily
Valuation Time	17:00 Luxembourg
Min. Initial Investment	USD 5,000
Max. Initial Charge	3.10%
Management Fee	0.75%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU0165076018
Share Class Inception Date	23 Oct 2003
NAV per Share	USD 18.22
Fund Size	USD 172,171,277
Bloomberg Ticker	HSBUSAC LX
Reference Benchmark	Bloomberg Barclays US Aggregate
Manager	Jerry Samet

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

3-Year Risk Measures	AC	Reference Benchmark	5-Year Risk Measures	AC	Reference Benchmark
Volatility	5.06%	3.32%	Volatility	4.30%	3.13%
Sharpe Ratio	0.44	1.00	Sharpe Ratio	0.39	0.86
Tracking Error	3.30%	-	Tracking Error	2.57%	-
Information Ratio	-0.33	-	Information Ratio	-0.39	-

Characteristics	Fund	Reference Benchmark	Relative	Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	203	11,902	-	Current Yield (Gross)	2.30	1.75	0.55
Average Coupon	3.80	3.01	0.78	Option Adjusted Spread	6.56	6.32	0.24
Option Adjusted Duration (OAD)	6.02	6.08	-0.06	Duration (OASD) ²			
Yield to Worst (Gross)	2.20	1.18	1.02	Rating Average ³	A+/A	AA+/AA	-
				Maturity Average	8.64	8.04	0.60

Credit Quality Rating Allocation (Market Value %)	Fund	Reference Benchmark	Relative	Sector Allocation (Market Value %)	Fund	Reference Benchmark	Relative
AAA	34.72	69.88	-35.16	Corp Non-fin	34.01	19.05	14.96
AA	0.62	3.49	-2.87	US Agency Mbs	32.63	26.95	5.68
A	20.89	12.22	8.67	Corp Fin	26.95	8.23	18.71
BBB	39.40	14.41	24.99	Collateralised	3.66	2.56	1.10
BB	4.72	-	4.72	Treasuries	2.09	37.01	-34.92
NR	-0.35	-	-0.35	Supra/agencies	1.01	6.19	-5.19
				credit default swap index	-0.35	-	-0.35

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

Sorted from largest to smallest per market values of weight.

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference Benchmark	Relative	Geographical Allocation (Option Adjusted Duration)	Fund	Reference Benchmark	Relative
0-2 years	0.11	0.15	-0.04	United States	5.32	5.55	-0.22
2-5 years	1.39	1.27	0.12	Australia	0.12	0.01	0.10
5-10 years	1.31	1.33	-0.02	United Kingdom	0.11	0.08	0.03
10+ years	3.21	3.32	-0.12	Canada	0.11	0.07	0.04
Total	6.02	6.08	-0.06	Ireland	0.08	0.00	0.08

Sorted from shortest to longest per the length of maturity.

Top 10 Holdings (%)	Weight (%)	Geographical Allocation (Option Adjusted Duration)	Fund	Reference Benchmark	Relative
FNCL 3 10/20 3.000	6.22	United States	5.32	5.55	-0.22
FNCL 3.5 10/20 3.500	4.63	Australia	0.12	0.01	0.10
US TREASURY N/B 0.250 15/06/23	4.08	United Kingdom	0.11	0.08	0.03
FNCL 4 10/20 4.000	3.53	Canada	0.11	0.07	0.04
G2SF 3.5 10/20 3.500	2.89	Ireland	0.08	0.00	0.08
G2SF 3 10/20 3.000	2.75	France	0.06	0.01	0.05
FNCL 4.5 10/20 4.500	2.63	Saudi Arabia	0.06	-	0.06
FNCL 2.5 10/20 2.500	2.49	Netherlands	0.05	0.03	0.03
FNCL 2 10/20 2.000	2.42	Germany	0.03	0.02	0.01
US TREASURY N/B 0.250 31/05/25	2.22	Switzerland	0.02	0.01	0.01
		Other Locations	0.04	0.30	-0.27
		Cash	0.01	-	0.01
		Total	6.02	6.08	-0.06

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

²Spread duration excludes interest rate futures and bond futures. We can force the local government spread duration to zero for certain funds on request.

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.

Source: HSBC Global Asset Management, data as at 30 September 2020

Monthly Performance Commentary

Fund Review

Risk assets sold off in September and credit spreads widened ending a tightening streak which lasted 5 months as market rebounded from the March selloff. Concerns over rising infection rates and a slowing recovery sparked volatility as asset valuations were looking less attractive following their run up in the recovery. Supply remained strong with IG coming in at \$204 billion and HY at \$45 billion for the month. We continued to see strong inflows in IG with \$26 billion while the turn in risk sentiment saw negative HY flows \$-5 billion mainly from ETFs. US IG saw spreads widen 8 bps while the US Treasury curve flattened slightly over the month with the short end largely unchanged while the longer end saw yields fall marginally. The US 2, 5, 10 and 30 year finished the month with a yield of 0.13%, 0.28%, 0.68% and 1.46% respectively. In this market context the fund's benchmark returned -0.05%.

Sector positioning contributed to underperformance with an overweight to corporates which underperformed Treasuries as spreads widened over the month. The overweight to lower rated bonds also added to underperformance as lower rated bonds underperformed in the selloff.

From a sector perspective the strategy remains underweight Treasuries and supranational/agencies and overweight financial corporates, non-financial corporates and MBS. The strategy duration at 6.02 years is slightly above the benchmark on an option adjusted basis with an underweight to the 0-2, 2-5 and 10+ year segments and overweight to the 5-10 year segments. With regards to ratings, the strategy is below the benchmark on an average rating basis at A+/A vs AA+/AA with an underweight to AAA and AA rated bonds and an overweight to A and BBB rated bonds. The fund also has a small exposure to BB rated bonds.

Outlook

The selloff in credit markets in September was not a surprise given the speed and magnitude of the recovery rally earlier this year. We expect markets could remain unsettled as investors assess issues such as rising infection rates, a slowing recovery, the congressional stimulus stalemate and US election related volatility. Continued Central Bank support however remains supportive for credit markets, even as just a backstop as Fed purchases of corporate bonds have slowed. This should limit further volatility from reaching levels seen in March.

For Investment Grade we continue to run elevated betas remaining comfortable that despite recent volatility the positive technical of government support and decreasing supply can see spreads remain stable or grind tighter into year-end. In High Yield, over the medium to long term we remain supportive but are cautious over the short term. We expect markets to be somewhat range bound and will look to rotate out of outperforming and tighter names to provide additional capacity for when markets sell off to rotate into names that have lagged in the recovery as well as attractive new issuance.

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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

Option adjusted duration (OAD): 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

Yield to Worst: 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

HSBC Global Investment Funds - US Dollar Bond

Supplement Information Sheet

30 Sep 2020

Performance (%)	Return Currency	YTD	1M	3M	6M	1Y	3Y ¹	5Y ¹	Since Inception ¹
AC	USD	4.65	-0.28	0.81	7.79	5.14	4.15	3.16	3.01
AM2	USD	4.63	-0.29	0.80	7.78	5.13	4.15	-	3.58
IC	USD	5.00	-0.25	0.91	8.03	5.63	4.65	3.65	3.98

Calendar Year Performance (%)	Return Currency	2015	2016	2017	2018	2019
AC	USD	-0.58	1.25	2.73	-1.04	9.13
AM2	USD	-	-	4.08	-1.03	9.13
IC	USD	-0.10	1.72	3.21	-0.55	9.64

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

Past performance is not an indicator of future returns. The figures are calculated in the share class base currency, dividend reinvested.

Share Class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield
AC	USD	-	-	-	-
AM2	USD	Monthly	29 Sep 2020	0.020427	2.41%
IC	USD	-	-	-	-

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 Global Asset Management (Singapore) Limited website.

Share Class	Share Class Inception Date	ISIN	Share Class Base Currency	Min. Initial Investment	NAV per Share	Annual Management Fee	Distribution Type
AC	23 Oct 2003	LU0165076018	USD	USD 5,000	18.22	0.75%	Accumulating
AM2	07 Nov 2016	LU1481106976	USD	USD 5,000	10.29	0.75%	Distributing
IC	16 Feb 2009	LU0165076109	USD	USD 1,000,000	19.20	0.38%	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.

Source: HSBC Global Asset Management, data as at 30 September 2020