

## HSBC Global Investment Funds

# INDIA FIXED INCOME

Monthly report | 31 May 2022 | Share class IC



### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Indian bonds and other similar securities.



### Investment strategy

In normal market conditions, the Fund will invest at least 90% of its assets in Indian rupee denominated investment grade bonds, non-investment grade bonds and unrated bonds issued by government and corporate entities; investment grade, non-investment grade and unrated bonds issued by government, government-related entities and companies that are based in or carrying out the larger part of their business in India that are denominated in other currencies; cash and money market instruments; and other financial instruments such as structured products. The Fund may be subject to a limit on its investments in India. Where this is the case the Fund may invest in non-INR denominated fixed income securities or derivatives. The Fund may invest up to 100% in bonds issued by the Indian government and government-related entities. The Fund may invest up to 20% in cash and money market instruments. The Fund may invest up to 10% in contingent convertible securities. 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	<b>USD 13.97</b>
Performance 1 month	<b>-2.60%</b>
Yield to maturity	<b>7.29%</b>

#### Fund facts

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash</b>
Dividend treatment	<b>Accumulating</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>USD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>20 August 2012</b>
Fund Size	<b>USD 617,160,700</b>
Managers	<b>Sanjay B Shah Fouad Mouadine</b>

#### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000,000</b>
Maximum initial charge (SG)	<b>3.100%</b>
Management fee	<b>0.550%</b>

#### Codes

ISIN	<b>LU0780248281</b>
Bloomberg ticker	<b>HSIFIU LX</b>

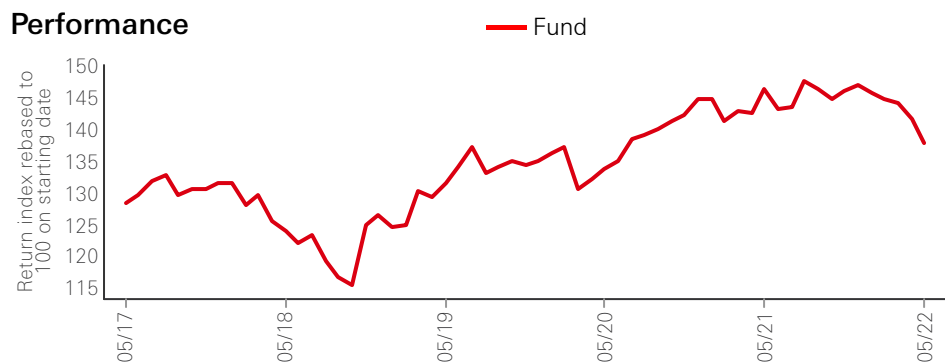
<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

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 Performance numbers shown are before netting off sales / realisation charges. 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 31 May 2022

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## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
IC	-6.10	-2.60	-4.71	-5.46	-5.81	1.61	1.43

Calendar year performance (%)	2017	2018	2019	2020	2021
IC	8.94	-3.92	6.66	7.42	1.43

3-Year Risk Measures	IC	Reference benchmark	5-Year Risk Measures	IC	Reference benchmark
Volatility	5.89%	--	Volatility	6.96%	--
Sharpe ratio	0.15	--	Sharpe ratio	0.02	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	45	--	--
Average coupon rate	6.86	--	--
Yield to worst	7.19%	--	--
Yield to maturity	7.29%	--	--
Current yield	6.91%	--	--
Option Adjusted Duration	4.15	--	--
Modified Duration to Worst	4.08	--	--
Average maturity	5.30	--	--
Number of issuers	18	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
BBB	58.29	--	--	0-2 years	0.07	--	--
BB	2.51	--	--	2-5 years	1.29	--	--
NR	36.53	--	--	5-10 years	2.60	--	--
Cash	2.67	--	--	10+ years	0.19	--	--
				Cash	0.00	--	--
				<b>Total</b>	<b>4.15</b>	<b>--</b>	<b>--</b>

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Sector Allocation (%)	Fund	Reference benchmark	Relative
Sovereign	59.51	--	--
Diversified Finan Serv	11.56	--	--
Regional(state/provnc)	10.77	--	--
Electric	5.62	--	--
Bank	4.95	--	--
Transportation	2.74	--	--
Oil & gas	2.17	--	--
Cash	2.67	--	--

Top 10 Holdings	Weight (%)
INDIA GOVT BOND 6.790 15/05/27	11.38
INDIA GOVT BOND 5.630 12/04/26	11.08
INDIA GOVT BOND 7.170 08/01/28	7.53
INDIA GOVT BOND 7.260 14/01/29	6.46
INDIA GOVT BOND 7.270 08/04/26	4.27
INDIA GOVT BOND 5.740 15/11/26	3.49
NHPC LTD 8.120 22/03/29	3.35
INDIA GOVT BOND 6.790 26/12/29	3.14
INDIA GOVT BOND 6.540 17/01/32	3.04
INDIA GOVT BOND 7.950 28/08/32	2.77

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

## Monthly performance commentary


### Portfolio strategy

The fund returned negatively in May. Currency effect was the key detractor to performance given the depreciation of the INR against the USD over the month given widening twin deficits amid high oil prices. Duration exposure also dragged performance as the INR sovereign curve shifted upwards over the month in light of the RBI surprised the market with off-cycle rate hikes amid higher and stickier inflation. On a positive note, yield carry contributed to returns and partly offset the losses. In terms of the fund's strategy, we remain underweight duration as a view in light of the RBI's upcoming rate hike cycle. We continue to prefer government bonds, with a focus on the belly amid the sovereign curve's steepness and attractive roll down. We remain constructive on INR corporate bonds and prefer government services names that offer yield pick-up and similar interest rate risk profile against the sovereign bonds. We maintain only a small position in USD denominated bonds as we continue to expect short-end of the US treasury yield curve to grind higher in the near to medium term.

## 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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## Glossary



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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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.

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This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether the investment is suitable for you. The offer or invitation of the Units, which is the subject of this document, does not relate to a collective investment scheme which is authorised by the MAS under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Units are not allowed to be offered to the retail public.

No document or material in connection with the offer or sale of the Units may be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the SFA, in accordance with the conditions specified in that section, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 305 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within 6 months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 of the SFA except (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 305A(5) of the SFA.

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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	-6.36	-2.65	-4.86	-5.77	-6.41	0.95	0.78
ACSGD SGD	-4.78	-3.36	-3.92	-5.78	-2.87	0.82	0.59
AD USD	-6.36	-2.66	-4.87	-5.77	-6.43	0.94	0.77
AM2 USD	-6.37	-2.66	-4.87	-5.78	-6.42	0.94	--
AM2HKD HKD	-5.77	-2.67	-4.49	-5.18	-5.42	0.96	--
AM3OSGD SGD	-6.41	-2.66	-4.90	-5.83	-6.55	0.53	--
IC USD	-6.10	-2.60	-4.71	-5.46	-5.81	1.61	1.43

Calendar year performance (%)	2017	2018	2019	2020	2021
AC USD	8.23	-4.54	5.98	6.72	0.78
ACSGD SGD	0.12	-2.64	4.54	4.89	2.81
AD USD	8.23	-4.55	5.96	6.72	0.77
AM2 USD	--	-4.54	5.96	6.72	0.78
AM2HKD HKD	--	--	5.45	6.19	1.33
AM3OSGD SGD	--	-5.50	5.10	6.16	0.59
IC USD	8.94	-3.92	6.66	7.42	1.43

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## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACSGD	SGD	--	--	--	--
AD	USD	Annually	8 July 2021	0.425034	4.91%
AM2	USD	Monthly	25 May 2022	0.043149	7.18%
AM2HKD	HKD	Monthly	25 May 2022	0.051344	7.18%
AM3OSGD	SGD	Monthly	25 May 2022	0.041620	6.97%
IC	USD	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 August 2012	LU0780247804	USD	USD 5,000	13.11	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.60	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	8.31	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	7.39	1.100%	Distributing
AM2HKD	29 August 2018	LU1819531796	HKD	USD 5,000	8.80	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	7.34	1.100%	Distributing
IC	20 August 2012	LU0780248281	USD	USD 1,000,000	13.97	0.550%	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.**

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 31 May 2022

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