

## HSBC Global Investment Funds

# GLOBAL INVESTMENT GRADE SECURITISED CREDIT BOND

Monthly report 31 July 2022 | Share class ZC



### 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.



### 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.



### 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 151.21</b>
Performance 1 month	<b>-1.07%</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>3 June 2013</b>
Fund Size	<b>USD 1,404,475,283</b>
Managers	<b>Andrew John Jackson</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>0.000%</b>

#### Codes

ISIN	<b>LU0899571920</b>
Bloomberg ticker	<b>HSBBZUA LX</b>

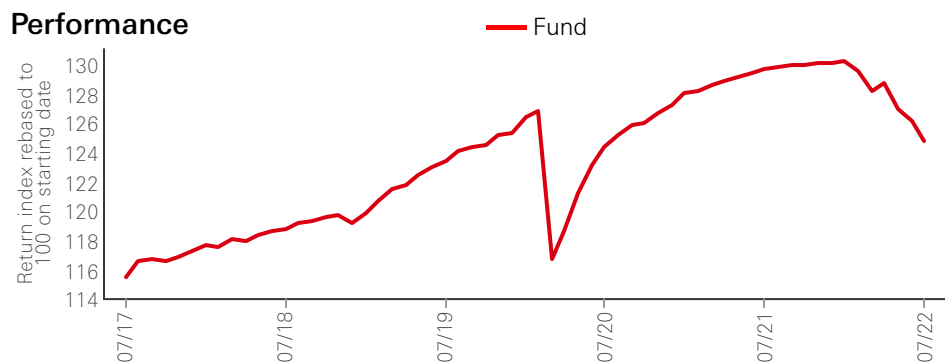
<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

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.

Until 23 August 2019 the name of the fund was HSBC Global Investment Funds – Global Asset-Backed Bond  
 Source: HSBC Asset Management, data as at 31 July 2022

For institutional and accredited investors use only. Not for further distribution.

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
ZC	-4.07	-1.07	-3.06	-4.15	-3.75	0.37	1.55

Calendar year performance (%)	2017	2018	2019	2020	2021
ZC	4.73	1.63	5.15	1.50	2.28

3-Year Risk Measures	ZC	Reference benchmark	5-Year Risk Measures	ZC	Reference benchmark
Volatility	5.24%	--	Volatility	4.13%	--
Sharpe ratio	-0.05	--	Sharpe ratio	0.07	--

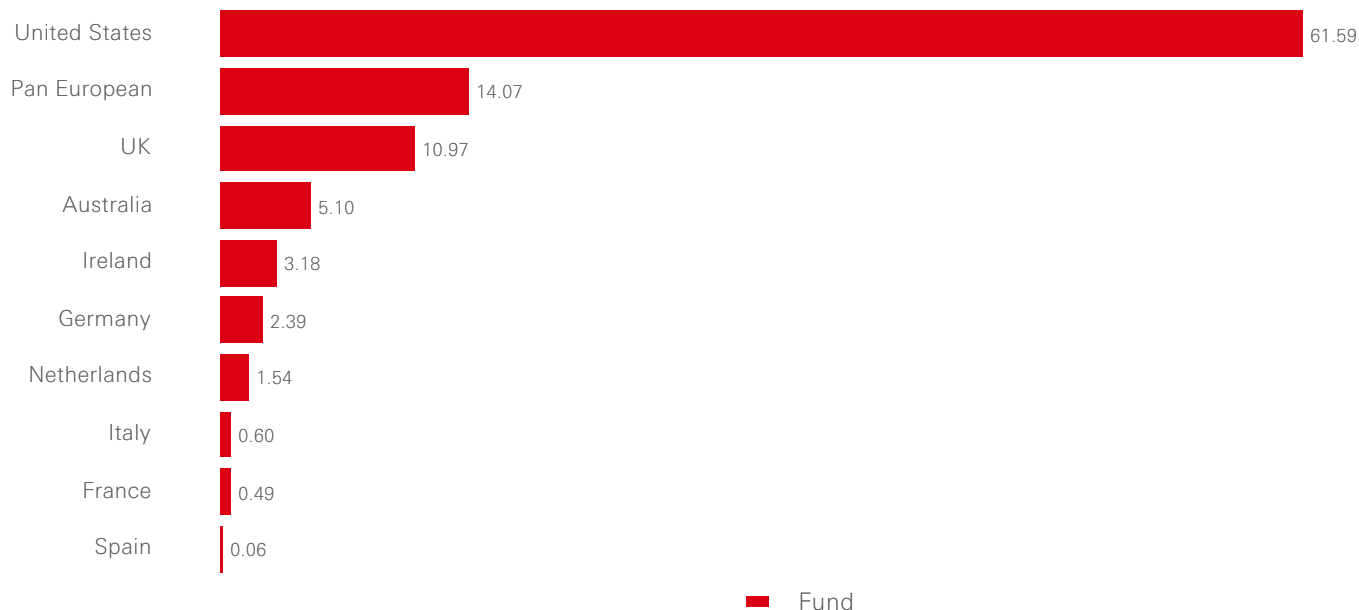
Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	291	--	--
Spread above LIBOR	2.61	--	--
Floating rate weight	89.05	--	--
Modified duration	0.37	--	--
Spread duration	2.67	--	--
Weighted average life	2.92	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Weighted average life (%)	Fund	Reference benchmark	Relative
AAA	28.37	--	--	0 - 2 years	22.20	--	--
AA	40.60	--	--	2 - 5 years	71.59	--	--
A	25.30	--	--	5 - 10 years	5.70	--	--
Cash	5.73	--	--	10+ years	0.51	--	--

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.  
Source: HSBC Asset Management, data as at 31 July 2022

For institutional and accredited investors use only. Not for further distribution.

## Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
CLO	42.93	--	--
CMBS	28.22	--	--
RMBS non-conforming	11.32	--	--
RMBS prime	5.30	--	--
Whole Business ABS	3.97	--	--
Student Loan ABS	1.37	--	--
Autos	0.67	--	--
Consumer Loans	0.48	--	--
Cash	5.73	--	--

## Monthly performance commentary

### Market Overview

At the end of July, the FOMC increased the Fed Funds rate by a further 75bps. Commodity prices, particularly, oil and Gas continue to rise because of the continuing Ukraine situation. Wage rise demands accelerated in most economies as a result of the cost of living crisis leading to new high inflation prints. This weak economic backdrop has made a soft landing for the economy increasingly unlikely. Whereas fixed income rallied throughout July on an assessment that rate rises may be reversed in 2023 to avoid recession, spreads widened in the first half of July for Securitised Credit, before the market started to recover at the end of the month. The Securitised Credit market had subdued volumes given the competing crises and this may have led to the recovery in spreads at the end of the month as supply falls short of demand. Credit performance continues to be strong for Securitised credit despite the volatile changes in sentiment.

New issue Securitised Credit volumes outside of the US and excluding CLOs were around €21bn in July, the lowest July since 2016. However, only around €5.5bn of this was sold into the market. The rest were retained for financing exercises. Even the distributed paper was substantially privately or pre-placed. New issuance was dominated by RMBS (UK and Australian), and European Auto paper. The CLO Primary and refinance/reset market was less affected, but still some way from the 2021 volumes. 29 US CLOs (\$12.5bn) priced in July (31 priced in June). 5 European CLO (€1.9bn) priced (1 in June). US CMBS new issue came in at \$8bn compared to \$10bn last month.

### Fund Overview

At the end of July, there were 291 securities in 201 securitisations and a cash holding which is available to cover currency hedging collateral. In July, the fund bought 3 bonds – AAA Australian RMBS, a US AAA single Family Rental RMBS and a AAA US Biotech CMBS. There were 18 sales across all sectors and countries. Amortisations in the month were as expected. CLOs remain the largest sector exposure on 43% (previous month 44%), ahead of CMBS with 28% (29%). RMBS is 17% (17%). The major geographic exposure remains the USA at 62%, with the Eurozone on 22% (of which 14% is Pan-European, with exposures in multiple countries). The UK represented 11% and Australia 5%. The portfolio is 11% fixed rate and 89% 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 61% of the instruments are USD-denominated and pay all income and repayments in US Dollars. The remaining 39% 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 and that events in Ukraine look to be prolonged. Inflation is accelerating and is likely yet to peak. The prospect of global recession is now much more probable, with many economists having it as a central case. Heightened volatility appears to be a certainty for the remainder of 2022. The main consensus appears to be that rising interest rates will be required to combat inflation. The pace of rate rises will be influenced by the Ukrainian situation, China's economic recovery and knock-on inflationary pressures. The withdrawal of stimulus may be tempered by the need to stimulate the economy where the situation deteriorates, and we enter a recession.

There is no direct exposure to Ukraine, Russia, and China 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 rise, this should result in coupon income increasing. Securitised Credit spreads suffer when there is a fall in confidence, as has happened with the current crisis. The immediate outlook therefore is a balance between credit shocks and rising income. In the longer term, any resolution or stabilisation to the crisis should result in a rapid recovery. Fundamental credit research is increasingly important to avoid weaker credits and take advantage of emerging opportunities. All of 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 but take advantage of appropriate opportunities. As the crisis and recovery develop, there will be opportunities to reposition the fund to take advantage new opportunities.

## 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.

Follow us on:

 **HSBC Asset Management**

---

## 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.

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.

This document is for information only and is not an advertisement, investment recommendation, research, or advice. Any views and opinions expressed are subject to change without notice. It does not have regard to the specific investment objectives, financial situation, or needs of any specific person. Investors and potential investors should not invest in the Fund solely based on the information provided in this document and should read the prospectus (including the risk warnings) and the product highlights sheets, which are available upon request at HSBC Global Asset Management (Singapore) Limited ("AMSG") or our authorised distributors, before investing. You should seek advice from a financial adviser. Investment involves risk. Past performance of the managers and the funds, and any forecasts on the economy, stock or bond market, or economic trends that are targeted by the funds, are not indicative of future performance. The value of the units of the funds and income accruing to them, if any, may fall or rise and investor may not get back the original sum invested. Changes in rates of currency exchange may affect significantly the value of the investment. AMSG has based this document on information obtained from sources it reasonably believes to be reliable. However, AMSG does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information.

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.

HSBC Global Asset Management (Singapore) Limited  
10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983  
Telephone: (65) 6658 2900 Facsimile: (65) 6225 4324  
Website: [www.assetmanagement.hsbc.com/sg](http://www.assetmanagement.hsbc.com/sg)

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
ACHSGD SGD	-4.72	-1.16	-3.33	-4.70	-4.88	-1.03	--
AM2 USD	-4.66	-1.16	-3.32	-4.64	-4.77	-0.68	--
AM3HAUD AUD	-4.90	-1.19	-3.47	-4.85	-5.15	-1.21	--
AM3HSGD SGD	-4.69	-1.16	-3.34	-4.67	-4.81	-0.98	--
IC USD	-4.39	-1.12	-3.20	-4.41	-4.30	-0.21	--
XC USD	-4.34	-1.10	-3.17	-4.37	-4.19	--	--
ZC USD	-4.07	-1.07	-3.06	-4.15	-3.75	0.37	1.55

Calendar year performance (%)	2017	2018	2019	2020	2021
ACHSGD SGD	--	--	3.23	-0.06	1.02
AM2 USD	--	--	4.40	0.45	1.21
AM3HAUD AUD	--	--	2.94	-0.04	0.88
AM3HSGD SGD	--	--	3.26	-0.04	1.10
IC USD	--	--	4.52	0.91	1.70
XC USD	--	--	--	--	1.87
ZC USD	4.73	1.63	5.15	1.50	2.28

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.  
Source: HSBC Asset Management, data as at 31 July 2022

For institutional and accredited investors use only. Not for further distribution.

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
ACHSGD	SGD	--	--	--	--
AM2	USD	Monthly	27 July 2022	0.021771	2.90%
AM3HAUD	AUD	Monthly	27 July 2022	0.020247	2.57%
AM3HSGD	SGD	Monthly	27 July 2022	0.019330	2.54%
IC	USD	--	--	--	--
XC	USD	--	--	--	--
ZC	USD	--	--	--	--

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
ACHSGD	6 December 2018	LU1728044386	SGD	USD 5,000	9.86	0.900%	Accumulating
AM2	29 May 2018	LU1728044204	USD	USD 5,000	9.15	0.900%	Distributing
AM3HAUD	29 May 2018	LU1728044626	AUD	USD 5,000	9.59	0.900%	Distributing
AM3HSGD	6 December 2018	LU1728044469	SGD	USD 5,000	9.24	0.900%	Distributing
IC	10 July 2018	LU1822287964	USD	USD 1,000,000	10.27	0.450%	Accumulating
XC	7 December 2020	LU1194161839	USD	USD 10,000,000	9.78	0.450%	Accumulating
ZC	3 June 2013	LU0899571920	USD	USD 1,000,000	151.21	0.000%	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 July 2022

For institutional and accredited investors use only. Not for further distribution.