

HSBC Global Investment Funds

US DOLLAR BOND

Monthly report 30 November 2023 | Share class AC

Investment objective

The Fund aims to provide capital growth and income by investing in a portfolio of bonds denominated in US dollars (USD).

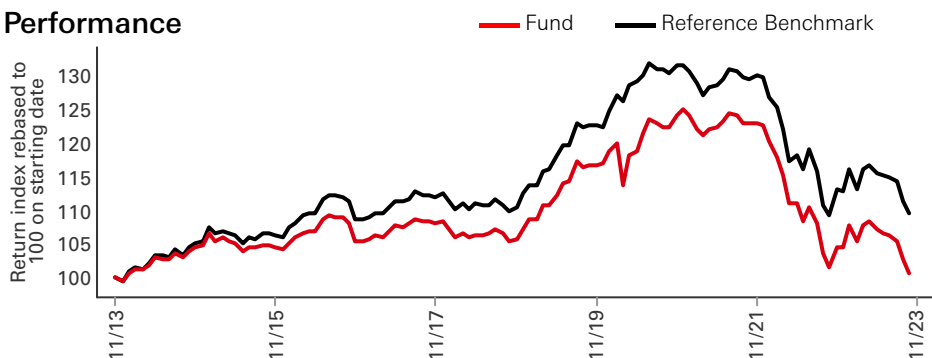
Investment strategy

In normal market conditions, the Fund will primarily invest its assets in USD denominated investment grade rated bonds issued in developed markets. The Fund may invest up to 50% in asset-backed securities and mortgage-backed securities. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds. 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.

Performance



Share class details

Key metrics

NAV per share	USD 15.68
Performance 1m	4.71%
Yield to maturity	5.21%

Fund facts

UCITS V compliant	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Share class base currency	USD
Domicile	Luxembourg
Inception date	23 October 2003
Fund size	USD 234,213,011
Reference benchmark	100% Bloomberg US Aggregate
Managers	Jerry Samet

Fees and expenses

Minimum initial investment	USD 5,000
Ongoing charge figure ¹	1.000%

Codes

ISIN	LU0165076018
Bloomberg ticker	HSBUSAC LX

¹Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Past performance does not predict future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account.

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 November 2023

Performance (%)	YTD	1m	3m	6m	1y	3y ann	5y ann	10 years ann
AC	0.83	4.71	-0.11	-1.58	0.88	-5.30	-0.05	0.53
Reference Benchmark	1.64	4.53	0.26	-0.80	1.18	-4.47	0.71	1.37

Rolling performance (%)	30/11/22-30/11/23	30/11/21-30/11/22	30/11/20-30/11/21	30/11/19-30/11/20	30/11/18-30/11/19	30/11/17-30/11/18	30/11/16-30/11/17	30/11/15-30/11/16	30/11/14-30/11/15	30/11/13-30/11/14
AC	0.88	-14.94	-1.03	6.30	10.51	-2.29	2.62	0.76	0.03	4.55
Reference Benchmark	1.18	-12.84	-1.15	7.28	10.79	-1.34	3.21	2.17	0.97	5.27

3-Year Risk Measures	AC	Reference Benchmark	5-Year Risk Measures	AC	Reference Benchmark
Volatility	6.47%	6.73%	Volatility	6.49%	5.92%
Sharpe ratio	-1.12	-0.96	Sharpe ratio	-0.29	-0.19
Tracking error	1.28%	--	Tracking error	2.74%	--
Information ratio	-0.65	--	Information ratio	-0.28	--

Fixed Income Characteristics	Fund	Reference Benchmark	Relative
No. of holdings ex cash	153	13,378	--
Average coupon rate	4.61	3.13	1.48
Yield to worst	5.18%	5.06%	0.12%
Current yield	3.50%	2.43%	1.07%
Option adjusted duration	6.79	6.13	0.65
Option adjusted spread duration	6.64	6.04	0.61
Average maturity	9.47	8.37	1.10
Rating average	AA/AA-	AA/AA-	--

Credit rating (%)	Fund	Reference Benchmark	Relative
AAA	2.05	4.48	-2.44
AA	63.95	71.27	-7.32
A	17.54	11.65	5.89
BBB	15.99	12.59	3.40
BB	0.47	--	0.47

Geographical allocation (Option adjusted duration)	Fund	Reference Benchmark	Relative
United States	6.28	5.75	0.53
Italy	0.14	0.00	0.14
United Kingdom	0.10	0.05	0.04
France	0.08	0.00	0.08
Canada	0.06	0.06	0.00
Germany	0.04	0.01	0.03
Belgium	0.03	0.02	0.01
Spain	0.02	0.01	0.01
Ireland	0.02	0.00	0.01
Others	0.01	--	0.01
Other Locations	0.00	0.22	-0.22
Cash	0.00	--	0.00
Total	6.79	6.13	0.65

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 Source: HSBC Asset Management, data as at 30 November 2023

**Maturity Breakdown
 (Option adjusted
 duration)**

	Fund	Reference Benchmark	Relative
0-2 years	0.13	0.17	-0.03
2-5 years	1.04	0.88	0.16
5-10 years	2.75	2.07	0.68
10+ years	2.87	3.02	-0.15
Total	6.79	6.13	0.65

Sector allocation (%)	Fund	Reference Benchmark	Relative
US Agency Mbs	32.57	26.66	5.91
Treasuries	31.89	41.35	-9.46
Corp Fin	20.60	8.27	12.33
Corp Non-fin	12.09	16.64	-4.55
Collateralised	2.66	2.17	0.50
Supra/agencies	0.19	4.91	-4.72
Other	0.00	0.00	0.00

Top 10 holdings	Weight (%)
US TREASURY N/B 3.625 31/05/28	4.70
US TREASURY N/B 4.125 31/07/28	4.31
FNCL 2 12/23 2.000	3.50
US TREASURY N/B 3.750 31/05/30	3.50
FNCL 2.5 12/23 2.500	3.40
US TREASURY N/B 3.625 31/03/30	3.25
FNCI 2 12/23 2.000	2.93
US TREASURY N/B 3.250 15/05/42	2.45
US TREASURY N/B 3.625 15/02/53	2.36
US TREASURY N/B 4.625 30/09/30	2.17

Monthly performance commentary

Risk assets moved substantially higher in November as a weak October CPI report as well as other US data signaled, in the eyes of investors, an end to the current rate hiking cycle. This saw the market price a near zero change of additional rate hikes in December and focus instead on expected cuts in 2024. Corporate spreads rallied across the board while rates saw a large fall as the US 10 Year Treasury went from 4.93% to finish the month at 4.33%. This market environment saw total returns for Global Investment Grade and Global High Yield corporate bonds come in strong in November. Monthly supply volume in IG issuance came in at \$112.3 billion, an increase from October for a YTD total of \$1,428.4 billion issued while HY saw \$18.1 billion issued for a YTD total of \$160.9 billion. The US Treasury curve fell in November, reinverting somewhat as long end yields fell more than the short end. The 2-, 5-, 10- and 30-year yields moved -41, -59, -60 and -60 basis points to finish at 4.68%, 4.27%, 4.33% and 4.49% respectively while US IG credit spreads tightened by 21 bps. In this market context the fund's benchmark returned 4.53% over the month.

From a sector perspective the underweight to treasuries and agencies and overweight to corporate bonds and MBS was positive for performance as Treasuries and agencies underperformed both. Within the corporate allocation, the overweight to financials and underweight to non-financials detracted as non-financials outperformed over the month. The exposure to lower rated bonds was a contributor as the A and BBB segment outperformed the AAA and AA rated bonds. Duration positioning was a positive factor for relative performance with an overweight vs the benchmark as rates fell in November.

The strategy is overweight corporate bonds and MBS and underweight Treasuries and Supra/Agencies. Within corporate credit the portfolio is overweight corporate financials and underweight corporate non financials. The strategy duration is 0.7 years overweight the benchmark at 6.79 on an option adjusted basis. This is taken through an overweight to the 2-5- and 5-10-year segments and an underweight to the 0-2 and 10+ year segments on a contribution to duration basis. With regards to ratings, the strategy is in line with the benchmark with an average rating at 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 off benchmark exposure to BB rated bonds of less than 0.5%.

Outlook


As we move towards year end, weak October inflation data, a slowing US payrolls number and a decline in retail sales figures seem to have signalled the end of the hiking cycle in the US, all but eliminated market expectations for a December move higher and instead reinforced the expectations of rate cuts as early as March 2024. Our view is still that the global economy will slow meaningfully, and we think its likely to occur in the first half of 2024. As a result, over the longer term we still expect that spreads are more likely to move wider in 2024 as we move towards a slowdown with more moderate inflation. In the short term, while we don't see any specific catalyst that would send spreads meaningfully wider, we do recognize the increased uncertainty which could lead to some short-term volatility in both rates and credit spreads. We continue to have a defensive bias but remain tactical with our positioning, taking advantage of short-term opportunities as they arise.

For Investment Grade portfolios our credit positioning is more neutral in the short term with a beta of close to 1 as despite the longer-term threat of recession we don't see a short-term driver to send spreads wider over the next couple of months. We remain focused on issuer selection however with an emphasis on companies with stable or improving credit fundamentals. We also remain up in quality especially in sectors which we believe could be more vulnerable to short term volatility and the longer-term economic downturn. Regionally we are maintaining our overweight to Europe vs the US given better valuations and the attractive level of hedge carry when converting back to USD. Portfolio duration is currently overweight the benchmark and positioned along the curve for a steepening.

Risk disclosures

- 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.
- UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES.
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 **HSBC Asset Management**

Glossary



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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 November 2023

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