

HSBC Global Investment Funds

ULTRA SHORT DURATION BOND

Monthly report 31 January 2024 | Share class PM2

Fund center



Risk Disclosure

- The Fund mainly invests in bonds and money market instruments.
- The Fund may pay dividends out of capital or gross of expenses. Dividend is not guaranteed and may result in capital erosion and reduction in net asset value.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- The Fund's investments may involve substantial credit, credit rating, currency, investment and volatility, liquidity, interest rate, valuation, general debt securities risks, sovereign debt risk, concentration risk, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes and RMB denominated Class are subject to higher currency and exchange rate risks.
- Investors should not invest solely based on factsheet and should read the offering documents for details

Investment objective

The Fund aims to provide short term capital growth and income by investing in a portfolio of bonds and money market instruments, while promoting environmental, social and governance (ESG) characteristics. The Fund qualifies under Article 8 of SFDR.

Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, the Fund will invest at least 70% of its assets in fixed or floating-rate income bonds and other similar securities including money market instruments, that are issued by governments, government-related entities, supranational entities and companies, based in developed or emerging markets. The Fund includes the identification and analysis of an issuer's ESG Credentials as an integral part of the investment decision making process and will not invest in bonds issued by companies with involvement in specific excluded activities, such as, tobacco and controversial weapons. The Fund will invest up to 30% in non-investment grade rated, unrated bonds and 10% in onshore Chinese bonds and up to 10% in bonds which have a maturity longer than five years. The Fund may invest up to 30% in bonds issued in emerging markets, up to 20% in asset backed securities and mortgage-backed securities, and up to 10% in contingent convertible securities. See the Prospectus for a full description of the investment objectives and derivative usage.

Share Class Details

Key metrics

| | |
|-------------------|-----------------|
| NAV per Share | USD 9.91 |
| Yield to maturity | 5.86% |

Fund facts

| | |
|----------------------------|---------------------------------------|
| UCITS V compliant | Yes |
| Dividend treatment | Distributing |
| Distribution Frequency | Monthly |
| Dividend ex-date | 31 January 2024 |
| Dividend annualised yield* | 5.97% |
| Dividend Amount | 0.048014 |
| Dealing frequency | Daily |
| Share Class Base Currency | USD |
| Domicile | Luxembourg |
| Inception date | 8 June 2021 |
| Fund Size | USD 1,010,148,139 |
| Managers | Jason E Moshos Viral Desai |

Fees and expenses

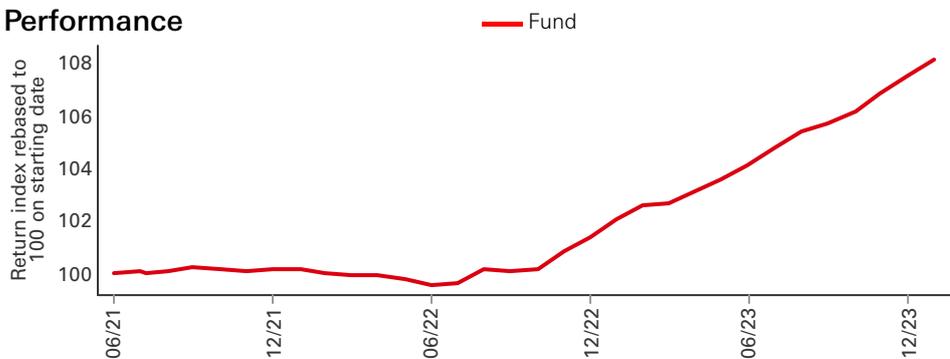
| | |
|--|------------------|
| Minimum initial investment (HK) ¹ | USD 1,000 |
| Maximum initial charge (HK) | 3.000% |
| Management fee | 0.300% |

Codes

| | |
|------------------|---------------------|
| ISIN | LU2334455339 |
| Bloomberg ticker | HUSDPM2 LX |

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

Performance



| Performance (%) | YTD | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years | Since Inception |
|-----------------|------|---------|----------|----------|--------|---------|---------|-----------------|
| PM2 | 0.59 | 0.59 | 1.86 | 3.26 | 5.95 | -- | -- | 8.14 |

| Calendar year performance (%) | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------|------|------|------|------|------|
| PM2 | -- | -- | 0.13 | 1.19 | 6.12 |

The calendar year return of the first year is calculated between share class inception date and calendar year end of first year if the share class has less than 5-year history. Results are cumulative

| 3-Year Risk Measures | PM2 | Reference benchmark | 5-Year Risk Measures | PM2 | Reference benchmark |
|----------------------|-----|---------------------|----------------------|-----|---------------------|
| Volatility | -- | -- | Volatility | -- | -- |
| Sharpe ratio | -- | -- | Sharpe ratio | -- | -- |

| Fixed Income Characteristics | Fund | Reference benchmark | Relative |
|------------------------------|-------|---------------------|----------|
| No. of holdings ex cash | 631 | -- | -- |
| Average coupon rate | 5.25 | -- | -- |
| Portfolio yield | 5.87% | -- | -- |
| Effective duration | 0.28 | -- | -- |
| Average maturity | 1.27 | -- | -- |

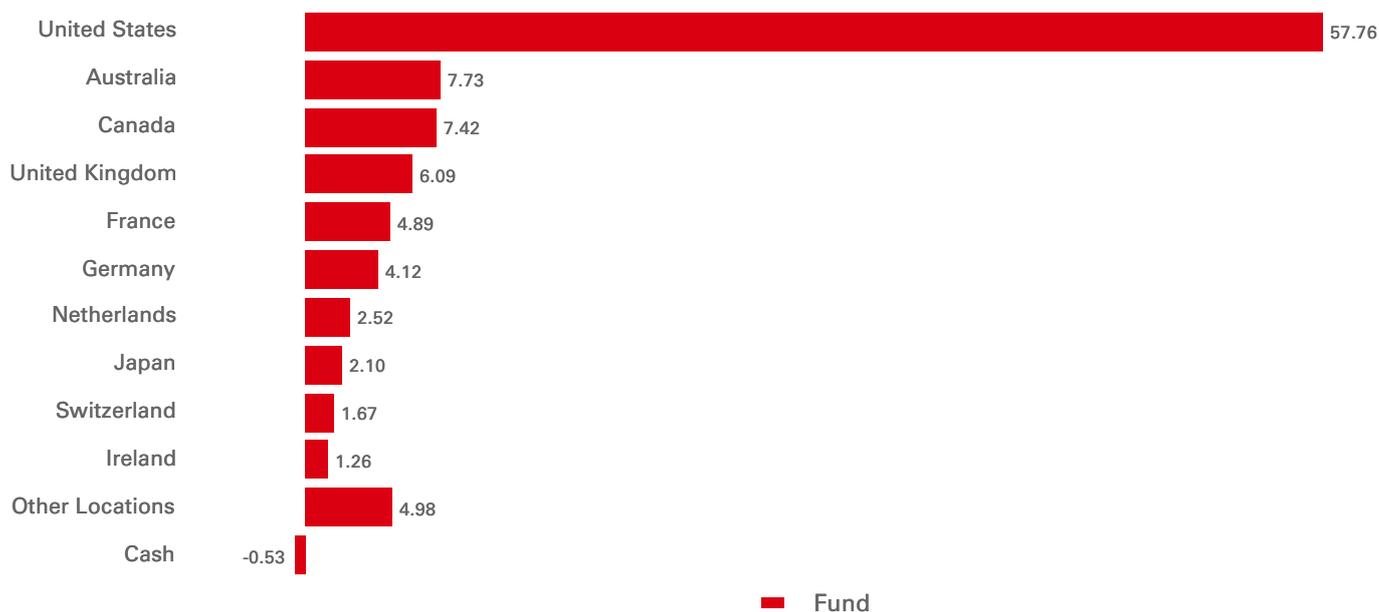
| Credit rating (%) | Fund | Reference benchmark | Relative | Maturity Breakdown (Effective duration) | Fund | Reference benchmark | Relative |
|-------------------|-------|---------------------|----------|---|-------------|---------------------|----------|
| AAA | 11.05 | -- | -- | 0 - 6months | 0.03 | -- | -- |
| AA | 25.13 | -- | -- | 6months - 1 years | 0.06 | -- | -- |
| A | 37.90 | -- | -- | 1 years - 1.5 years | 0.13 | -- | -- |
| BBB | 26.42 | -- | -- | 1.5 years - 2 years | 0.00 | -- | -- |
| NR | 0.03 | -- | -- | 2 years - 2.5 years | 0.02 | -- | -- |
| Cash | -0.53 | -- | -- | 2.5 years - 4 years | 0.03 | -- | -- |
| | | | | Over 4 years | 0.01 | -- | -- |
| | | | | Total | 0.28 | -- | -- |

Past performance does not predict future returns. The figures are calculated in the share class base currency, NAV to NAV basis with dividend reinvested, net of fees. If investment performance is not denominated in HKD or USD, HKD or USD based investors are exposed to exchange rate fluctuations. *The fund may pay dividends out of capital or gross of expenses.

For definition of terms, please refer to the Glossary QR code.
Source: HSBC Asset Management, data as at 31 January 2024

| Currency Allocation (%) | Fund | Reference benchmark | Relative |
|-------------------------|-------|---------------------|----------|
| USD | 99.42 | -- | -- |
| SGD | 0.20 | -- | -- |
| CNY | 0.20 | -- | -- |
| HKD | 0.18 | -- | -- |
| EUR | 0.04 | -- | -- |
| CNH | 0.00 | -- | -- |
| JPY | 0.00 | -- | -- |
| AUD | 0.00 | -- | -- |
| GBP | -0.04 | -- | -- |

Geographical Allocation (%)



| Sector Allocation (%) | Fund | Reference benchmark | Relative |
|-----------------------|-------|---------------------|----------|
| Banking | 38.63 | -- | -- |
| Consumer Non cyclical | 8.35 | -- | -- |
| Consumer Cyclical | 7.13 | -- | -- |
| Treasury Bill | 6.02 | -- | -- |
| Communications | 5.00 | -- | -- |
| Non Agency CMBS | 4.60 | -- | -- |
| CLO | 4.53 | -- | -- |
| Insurance | 4.02 | -- | -- |
| Electric | 3.80 | -- | -- |
| Capital Goods | 3.78 | -- | -- |
| Other Sectors | 14.67 | -- | -- |
| Cash | -0.53 | -- | -- |

| Top 10 Holdings | Weight (%) |
|---------------------------------|-------------------|
| US TREASURY FRN 5.450 31/10/25 | 1.98 |
| RECKITT BEN TSY 2.750 26/06/24 | 1.17 |
| PEPSICO INC 5.761 12/11/24 | 1.11 |
| ATHENE GLOBAL FU 6.059 24/05/24 | 1.10 |
| AMERICAN HONDA F 6.054 09/01/26 | 0.99 |
| NEXTERA ENERGY 6.103 29/01/26 | 0.99 |
| US TREASURY FRN 5.480 31/01/25 | 0.99 |
| US TREASURY FRN 5.420 31/10/24 | 0.99 |
| US TREASURY FRN 5.205 30/04/24 | 0.99 |
| US TREASURY FRN 5.317 31/07/24 | 0.99 |

Monthly performance commentary

January was characterized by a continued risk asset rally fueled by strong US growth data, a resilient consumer and subdued inflation at the same time as markets were anticipating a dovish Fed with markets pricing rate cuts as soon as March. This was partly offset however by concerns around the conflict in the Middle East and the implications it may have on global growth due to higher oil prices, disrupted shipping, and higher transport costs. Credit markets were broadly positive over the month delivering another month of positive total return. Short term yields moved lower with the 2-year Treasury falling by -0.04% to finish the month at 4.21% while SOFR remains around 5.3%. The US Fed Funds effective rate ended the month at 5.33% while short end corporate credit (US 1-3 year) saw spreads tighten by 4 to finish the month at 72 bps.

In this market context the strategy posted positive total return for the month on a gross of fees basis.

The gross yield to worst of the portfolio ended the month at 5.88% with the portfolio NAV finishing the month higher. We expect current yield levels to continue to provide a buffer for any potential spread volatility going forward. The largest contributors to portfolio yield from a sector perspective were the banking, securitized credit and consumer noncyclical segments of the portfolio.

Positioning

Average credit quality continues to skew higher and sits at A flat overall, taken through a reduced exposure to BBB bonds balanced with exposure to higher quality corporate bonds and the Securitized Credit exposure which is predominantly AAA and AA rated. Positioning remains defensive given the prospect of an economic slowdown and the continued risk for additional rate and spread volatility.

The portfolio's floating rate exposure increased to around 59% with exposure from both corporate bonds and securitized credit. The effective duration remained relatively stable at 0.28 years with a spread duration of 1.29 years.

We continue to like the 1-2 year segment of the fixed corporate bond market where the steepness of the front-end yield curve continues to offer more attractive relative value vs the very short end. At the same time, we are employing Treasury futures as a hedge to help manage the effective duration of the portfolio within our set range to limit rate volatility.

Outlook

Early February saw a change in market sentiment as Fed comments dashed investor optimism around March rate cuts with markets repricing for a more hawkish stance. As a result, risk assets have sold off and spreads have slightly widened out. While this hasn't changed the underlying fundamentals of the economy, which remains solid, or the expectations for a soft landing, it has moved spreads away from the historical tight levels they had been bumping up against. Our expectation is that the global economy will slow, and the fed will begin to cut rates towards the middle of the year. As a result, over the longer term we still expect that spreads are more likely to move wider as we move towards a slowdown with more moderate inflation. In the short term however, we don't see any specific catalyst that would send spreads meaningfully wider, and we expect they could continue to grind tighter. As a result, we are currently positioned with a more neutral bias. We also remain tactical with our positioning, taking advantage of short-term opportunities as they arise.

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For more information please contact us
at Tel: 852 2284 1111.

Website:

www.assetmanagement.hsbc.com/hk

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For definition of terms, please refer to the Glossary QR code.
Source: HSBC Asset Management, data as at 31 January 2024

Supplemental information sheet

| Share class | Share Class Base Currency | Distribution Frequency | Dividend ex-date | Dividend Amount | Annualised Yield based on ex-dividend date |
|-------------|---------------------------|------------------------|-------------------|-----------------|--|
| AC | USD | -- | -- | -- | -- |
| PC | USD | -- | -- | -- | -- |
| PCHAUD | AUD | -- | -- | -- | -- |
| PCHGBP | GBP | -- | -- | -- | -- |
| PCHKD | HKD | -- | -- | -- | -- |
| PCHRMB | CNH | -- | -- | -- | -- |
| PM2 | USD | Monthly | 31 January 2024 | 0.048014 | 5.97% |
| PM2 | USD | Monthly | 28 December 2023 | 0.045383 | 5.64% |
| PM2 | USD | Monthly | 30 November 2023 | 0.045315 | 5.65% |
| PM2 | USD | Monthly | 31 October 2023 | 0.045301 | 5.65% |
| PM2 | USD | Monthly | 27 September 2023 | 0.045321 | 5.66% |
| PM2 | USD | Monthly | 30 August 2023 | 0.045380 | 5.66% |
| PM2 | USD | Monthly | 27 July 2023 | 0.045389 | 5.67% |
| PM2 | USD | Monthly | 27 June 2023 | 0.042910 | 5.36% |
| PM2 | USD | Monthly | 31 May 2023 | 0.043051 | 5.38% |
| PM2 | USD | Monthly | 28 April 2023 | 0.043080 | 5.38% |
| PM2 | USD | Monthly | 29 March 2023 | 0.039609 | 4.94% |
| PM2 | USD | Monthly | 28 February 2023 | 0.039973 | 4.97% |
| PM2HKD | HKD | Monthly | 31 January 2024 | 0.048308 | 5.97% |
| PM2HKD | HKD | Monthly | 28 December 2023 | 0.045667 | 5.65% |
| PM2HKD | HKD | Monthly | 30 November 2023 | 0.045493 | 5.64% |
| PM2HKD | HKD | Monthly | 31 October 2023 | 0.045620 | 5.65% |
| PM2HKD | HKD | Monthly | 27 September 2023 | 0.045605 | 5.65% |
| PM2HKD | HKD | Monthly | 30 August 2023 | 0.045832 | 5.66% |
| PM2HKD | HKD | Monthly | 27 July 2023 | 0.045649 | 5.68% |
| PM2HKD | HKD | Monthly | 27 June 2023 | 0.043257 | 5.36% |
| PM2HKD | HKD | Monthly | 31 May 2023 | 0.043467 | 5.39% |
| PM2HKD | HKD | Monthly | 28 April 2023 | 0.043575 | 5.39% |
| PM2HKD | HKD | Monthly | 29 March 2023 | 0.040093 | 4.95% |
| PM2HKD | HKD | Monthly | 28 February 2023 | 0.040455 | 4.98% |
| PM3HAUD | AUD | Monthly | 31 January 2024 | 0.037995 | 4.70% |
| PM3HAUD | AUD | Monthly | 28 December 2023 | 0.035393 | 4.38% |
| PM3HAUD | AUD | Monthly | 30 November 2023 | 0.034370 | 4.26% |
| PM3HAUD | AUD | Monthly | 31 October 2023 | 0.033837 | 4.19% |
| PM3HAUD | AUD | Monthly | 27 September 2023 | 0.033229 | 4.12% |
| PM3HAUD | AUD | Monthly | 30 August 2023 | 0.034726 | 4.31% |
| PM3HAUD | AUD | Monthly | 27 July 2023 | 0.036386 | 4.52% |
| PM3HAUD | AUD | Monthly | 27 June 2023 | 0.030589 | 3.79% |
| PM3HAUD | AUD | Monthly | 31 May 2023 | 0.029565 | 3.66% |
| PM3HAUD | AUD | Monthly | 28 April 2023 | 0.030314 | 3.76% |
| PM3HAUD | AUD | Monthly | 29 March 2023 | 0.027937 | 3.46% |
| PM3HAUD | AUD | Monthly | 28 February 2023 | 0.026770 | 3.30% |
| PM3HGBP | GBP | Monthly | 31 January 2024 | 0.044859 | 5.57% |
| PM3HGBP | GBP | Monthly | 28 December 2023 | 0.042233 | 5.24% |
| PM3HGBP | GBP | Monthly | 30 November 2023 | 0.042714 | 5.31% |
| PM3HGBP | GBP | Monthly | 31 October 2023 | 0.043109 | 5.37% |
| PM3HGBP | GBP | Monthly | 27 September 2023 | 0.043155 | 5.37% |

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 be comprised of both distributed income and capital.

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.

For definition of terms, please refer to the Glossary QR code.

Source: HSBC Asset Management, data as at 31 January 2024

Supplemental information sheet

| Share class | Share Class Base Currency | Distribution Frequency | Dividend ex-date | Dividend Amount | Annualised Yield based on ex-dividend date |
|-------------|---------------------------|------------------------|-------------------|-----------------|--|
| PM3HGBP | GBP | Monthly | 30 August 2023 | 0.043126 | 5.37% |
| PM3HGBP | GBP | Monthly | 27 July 2023 | 0.042109 | 5.25% |
| PM3HGBP | GBP | Monthly | 27 June 2023 | 0.035974 | 4.47% |
| PM3HGBP | GBP | Monthly | 31 May 2023 | 0.036172 | 4.50% |
| PM3HGBP | GBP | Monthly | 28 April 2023 | 0.034807 | 4.32% |
| PM3HGBP | GBP | Monthly | 29 March 2023 | 0.032974 | 4.09% |
| PM3HGBP | GBP | Monthly | 28 February 2023 | 0.032224 | 3.98% |
| PM3HRMB | CNH | Monthly | 31 January 2024 | 0.023045 | 2.82% |
| PM3HRMB | CNH | Monthly | 28 December 2023 | 0.020478 | 2.51% |
| PM3HRMB | CNH | Monthly | 30 November 2023 | 0.030914 | 3.81% |
| PM3HRMB | CNH | Monthly | 31 October 2023 | 0.034965 | 4.32% |
| PM3HRMB | CNH | Monthly | 27 September 2023 | 0.024587 | 3.03% |
| PM3HRMB | CNH | Monthly | 30 August 2023 | 0.018050 | 2.21% |
| PM3HRMB | CNH | Monthly | 27 July 2023 | 0.020195 | 2.48% |
| PM3HRMB | CNH | Monthly | 27 June 2023 | 0.020137 | 2.48% |
| PM3HRMB | CNH | Monthly | 31 May 2023 | 0.018583 | 2.28% |
| PM3HRMB | CNH | Monthly | 28 April 2023 | 0.016838 | 2.07% |
| PM3HRMB | CNH | Monthly | 29 March 2023 | 0.019542 | 2.40% |
| PM3HRMB | CNH | Monthly | 28 February 2023 | 0.020430 | 2.50% |
| PM3HSGD | SGD | Monthly | 31 January 2024 | 0.033271 | 4.11% |
| PM3HSGD | SGD | Monthly | 28 December 2023 | 0.030684 | 3.79% |
| PM3HSGD | SGD | Monthly | 30 November 2023 | 0.030642 | 3.79% |
| PM3HSGD | SGD | Monthly | 31 October 2023 | 0.030150 | 3.73% |
| PM3HSGD | SGD | Monthly | 27 September 2023 | 0.029485 | 3.65% |
| PM3HSGD | SGD | Monthly | 30 August 2023 | 0.030849 | 3.82% |
| PM3HSGD | SGD | Monthly | 27 July 2023 | 0.032560 | 4.04% |
| PM3HSGD | SGD | Monthly | 27 June 2023 | 0.030617 | 3.80% |
| PM3HSGD | SGD | Monthly | 31 May 2023 | 0.030447 | 3.78% |
| PM3HSGD | SGD | Monthly | 28 April 2023 | 0.032248 | 4.01% |
| PM3HSGD | SGD | Monthly | 29 March 2023 | 0.029532 | 3.66% |
| PM3HSGD | SGD | Monthly | 28 February 2023 | 0.032278 | 4.00% |

The above table cites the last dividend paid within the last 12 months only.

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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.

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