

# HSBC Collective Investment Trust

## Important information:

- The Fund invests mainly in onshore and offshore Chinese bonds.
- The Fund is subject to the risks of investing in emerging markets.
- The Fund may invest in onshore Chinese securities. The Fund may make such investments through various market access schemes. Such investments involve additional risks, including the risks associated with China's tax rules, RMB conversion and currency risks and practices.
- Urban investment bonds issued by PRC local government financing vehicles (LGFVs), non-investment grade bonds, unrated bonds and Dim Sum bonds (offshore Chinese bonds but denominated in RMB) are subject to additional risks and volatility.
- Debt instruments with loss-absorption features are subject to additional risks and volatility.
- Because the Fund's base currency, investments and classes may be denominated in different currencies, investors may be affected adversely by exchange controls and exchange rate fluctuations.
- The Fund may invest in financial derivative instruments for investment purpose which may lead to higher volatility to its net asset value.
- 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's investments may involve substantial credit, currency, volatility, liquidity, interest rate, general debt securities, sovereign debt, Mainland Chinese debt, geographical concentration, QFI, risk associated with CIBM and Bond Connect, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Unit trusts are NOT equivalent to time deposits. Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

# HSBC All China Bond Fund



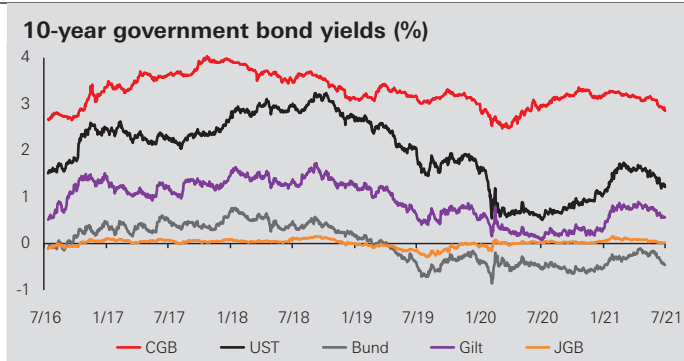
**HSBC**  
Asset Management



# Why consider the Fund?

## 1. Potential yield premium from China bonds

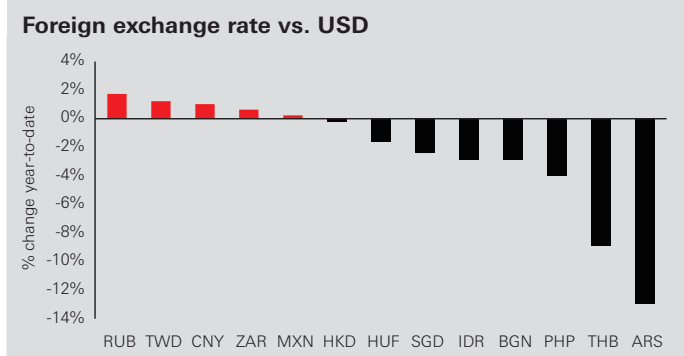
- ◆ China bonds offer a yield premium versus other major peers
- ◆ The yield differential between China 10-year government bonds and US 10-year Treasuries is at the 160bp level



Source: Bloomberg, data as of 31 July 2021. CGB: China Government Bond; UST: US Treasury; JGB: Japan Government Bond. Investment involves risks. Past performance is not indicative of future performance.

## 2. Positive outlook on RMB

- ◆ A favorable balance of payments and stable macro environment support our positive outlook on the RMB
- ◆ With increasing integration of China’s financial markets, more assets globally should be expected to be held in the Chinese currency



Source: Bloomberg, 31 July 2021. Investment involves risks. Past performance is not indicative of future performance. For illustrative purpose only.

## 3. Resilient fund performance amidst the pandemic

- ◆ In 2020 and in the midst of a global pandemic, the Fund’s performance remained positive, proving to be resilient in the face of market uncertainties
- ◆ The Fund was the winner of the Refinitiv Lipper Fund Awards 2021 in the Bond Global LC 3-year category<sup>#</sup>

### Fund performance (Class AM2-RMB)

Calendar year performance (% , RMB)				
2020	2019	2018	2017	2016
4.1	6.3	6.3	-2.7	-0.9
Cumulative performance (% , RMB)				
2021YTD	6M	1Y	3Y	5Y
2.0	1.4	3.4	14.9	13.9

<sup>#</sup> Source: Lipper Fund Awards 2021, 3 years fund performance as of 31 December 2020.

Source: HSBC Asset Management, data as of 31 July 2021. NAV to NAV in RMB with dividend reinvested, net of fees. Past performance is not indicative of future performance.

## 4. Attractive monthly income potential

- ◆ Amid the current low yield environment, the Fund seeks to provide an appealing potential monthly income stream
- ◆ The latest annualised yield of Class AM2RMB is 4.82%\*

### Dividend record of Class AM2RMB (dividend is not guaranteed and may be paid out of capital)

Ex-dividend month	Annualised yield*
July 2021	4.82%
June 2021	4.50%
May 2021	4.47%

Source: HSBC Asset Management, data as of 31 July 2021.  
 \* 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:  $((1 + (\text{dividend amount}/\text{ex-dividend NAV}))^{12}) - 1$ . The annualized dividend yield is calculated base on the dividend distribution on the relevant date with dividend reinvested, and may be higher or lower than the actual annual dividend yield.

# Investment objective

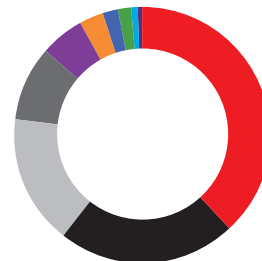
The Fund aims to invest for total return (i.e. via both income and capital appreciation), through investments primarily in a portfolio of onshore and offshore Mainland Chinese fixed income securities.

## Potential risks

- ◆ Investment risk: the Fund is an investment fund. The Fund's investment portfolio may fall in value and therefore your investment in the Fund may suffer losses
- ◆ Single market risk / Mainland china market risk: the value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland china markets
- ◆ Mainland Chinese tax risk: investors should note that any provisions, if made, may be excessive or inadequate to meet the actual tax liabilities. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Fund's assets, the net asset value of the Fund will therefore be adversely affected
- ◆ Risks relating to debt securities: such as risks relating to urban investment bonds, risks relating to "Dim Sum" bond, credit risk, risks relating to credit rating, sovereign debt risk, downgrading risk, and settlement risk
- ◆ Interest rate risk: generally, the price of fixed income instruments decreases when interest rates rise, whilst their prices increase when interest rates fall
- ◆ Liquidity risk: the debt instruments in which the Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low
- ◆ Risks associated with distributions out of capital: any payment of dividends out of capital or effectively out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to the original investment. Such distributions will result in an immediate decrease in the net asset value per share of the Fund
- ◆ Other risks: RQFII risks, custodian risk, risks associated with CIBM and Bond Connect, currency conversion risk for non-RMB denominated class, RMB currency risk, foreign exchange risk, derivative risk/ hedging risk, valuation risk, early termination risk

For details of risk factors, please refer to the fund documents.

## Sector allocation (%)<sup>1</sup>



Banks	38.3
Real Estate	22.8
Government	16.3
Industrial	9.5
Utilities	5.6
Energy	3.2
Diversified Finan serv	1.9
Consumer Non cyclical	1.6
Consumer Cyclical	0.9
Private Equity	0.4
Cash	-0.5

# Fund details

<b>Fund size:</b>	RMB1.59 billion <sup>1</sup>	<b>Subscription fee:</b>	Up to 3% of the total subscription amount
<b>Launch date:</b>	14 Jul 2014	<b>Management fee:</b>	1.10% per annum
<b>Share class:</b>	AM2-RMB / AM2-USD / AM2-HKD	<b>Switching fee:</b>	Up to 1% of the switch-out proceeds
<b>Base currency:</b>	RMB	<b>Dealing:</b>	Daily
<b>Minimum investment:</b>	RMB10,000 / USD1,000 / HKD10,000	<b>Dividend policy<sup>2</sup>:</b>	Monthly, if any
		<b>Fund manager:</b>	Ming Leap, Alfred Mui

1. Source: HSBC Asset Management, data as at 31 July 2021. 2. Dividend is not guaranteed and may be paid out of capital which will result in capital erosion and reduction in net asset value.

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