

## HSBC Global Investment Funds

# GLOBAL INVESTMENT GRADE SECURITISED CREDIT BOND

Monthly report 31 March 2024 | Share class AM2

Fund center



## Risk Disclosure

- The Fund invests mainly in global asset backed securities and mortgage backed securities.
- Asset backed securities and mortgage backed securities may subject to additional risks and volatility.
- 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, volatility, liquidity, general debt securities, interest rate, valuation, geographic concentration, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Portfolio Currency Hedged Share Classes or 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 long term capital growth and income by investing in a portfolio of investment grade securitised bonds, while promoting 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 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.

## Share Class Details

### Key metrics

NAV per Share **USD 9.28**

### Fund facts

UCITS V compliant	<b>Yes</b>
Dividend treatment	<b>Distributing</b>
Distribution Frequency	<b>Monthly</b>
Dividend ex-date	<b>27 March 2024</b>
Dividend annualised yield*	<b>7.06%</b>
Dividend Amount	<b>0.052903</b>
Dealing frequency	<b>Daily</b>
Share Class Base Currency	<b>USD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>29 May 2018</b>
Fund Size	<b>USD 1,923,537,811</b>
Managers	<b>Andrew John Jackson</b>

### Fees and expenses

Minimum initial investment (HK) <sup>1</sup>	<b>USD 1,000</b>
Maximum initial charge (HK)	<b>3.000%</b>
Management fee	<b>0.900%</b>

### Codes

ISIN	<b>LU1728044204</b>
Bloomberg ticker	<b>HSGAAM2 LX</b>

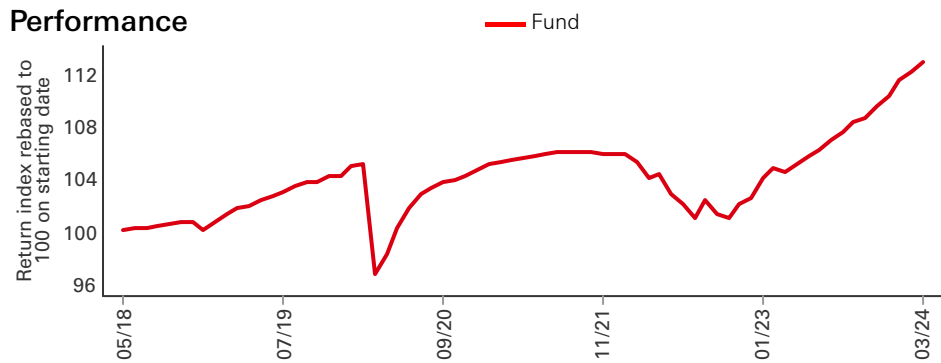
<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

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 March 2024

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years	5 years
AM2	2.26	0.67	2.26	4.26	7.95	7.00	10.86

Calendar year performance (%)	2019	2020	2021	2022	2023
AM2	4.04	0.45	1.21	-3.19	7.66

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

Carbon footprint	Fund	Reference benchmark
Carbon intensity emissions	0.36	--
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO <sub>2</sub> e/USD million) Source of analytics: Trucost		

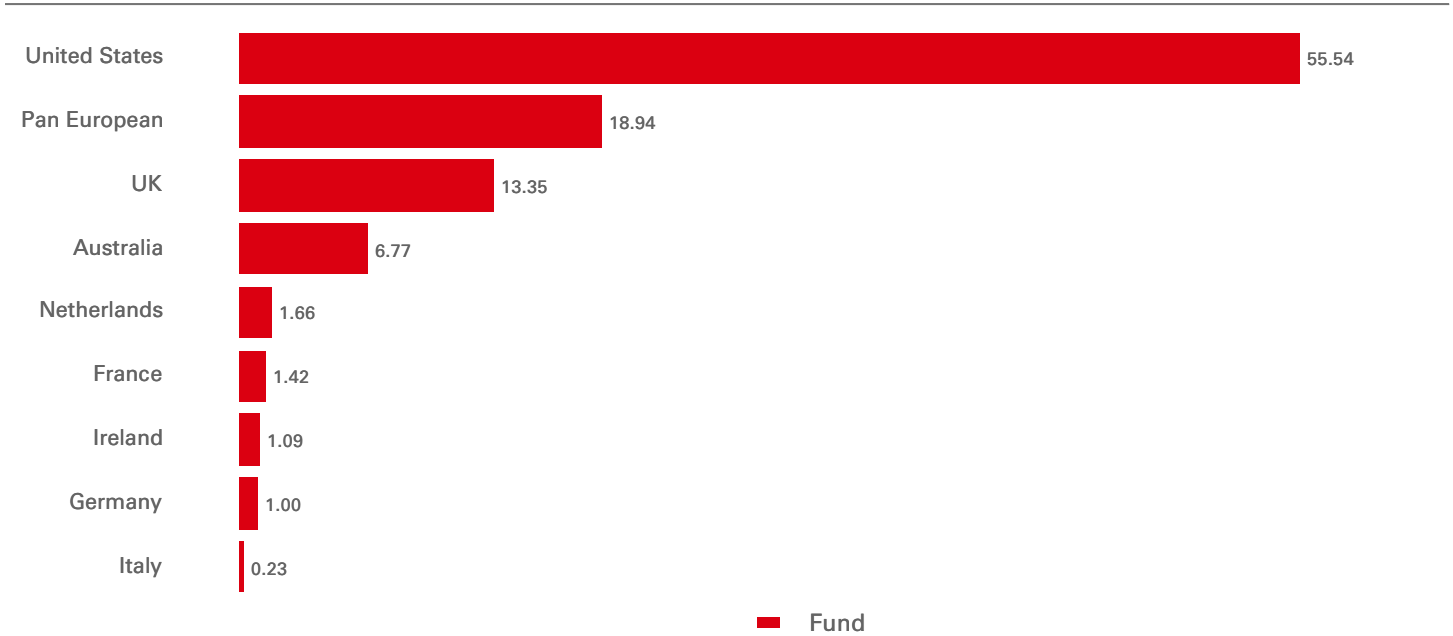
3-Year Risk Measures	AM2	Reference benchmark	5-Year Risk Measures	AM2	Reference benchmark
Volatility	2.44%	--	Volatility	4.34%	--
Sharpe ratio	-0.10	--	Sharpe ratio	0.02	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	312	--	--
Spread above SOFR	1.88%	--	--
Floating rate weight	86.28	--	--
Spread duration	2.40	--	--
Weighted average life	2.71	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Weighted average life (%)	Fund	Reference benchmark	Relative
AAA	41.90	--	--	0 - 2 years	20.46	--	--
AA	35.24	--	--	2 - 5 years	76.08	--	--
A	19.52	--	--	5 - 10 years	3.46	--	--
Cash	3.34	--	--				

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

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
CLO	43.22	--	--
CMBS	23.81	--	--
RMBS non-conforming	15.56	--	--
RMBS prime	8.03	--	--
Whole Business ABS	2.74	--	--
Student Loan ABS	2.07	--	--
Consumer Loans	1.22	--	--
Cash	3.34	--	--

## Monthly performance commentary

### Market Overview

There were no interest rate changes in the month. The economic backdrop remains fragile, albeit continuing to improve, such that many believe a shallow recession or flat-lining economy most likely, with the UK and Europe most affected and the US least impacted. March saw geopolitical risks elevated. Despite the weak backdrop, credit spreads were tighter throughout the month in every asset class, with Securitised Credit continuing to catch up with the rally in other credit asset classes.

The new issue and secondary markets had reasonable volumes (CLOs continued to be strong), with demand outstripping supply and hence leading to the spread compression. Credit performance continues to be fair for Securitised Credit with deals holding up well in the face of stress on borrowers' ability to pay from the significant run up in interest rates. Some early signs of deterioration are appearing in rising delinquencies. CMBS remains the most challenged sector, but there is wide dispersion in performance with Prime real estate performing well, but secondary property debt struggling. Spreads are well-supported, given comparatively light new issuance volumes and solid performance. There is an expectation that spreads could be volatile either from performance issues or a wave/lack of supply. Bid/offer spreads are tightening back to historic levels indicating improved liquidity.

New issue Securitised Credit volumes outside of the US and excluding CLOs was more than €15bn in March (fair, but low compared to March 21, 22 and 23), with almost €11bn of the new issuance distributed. New issuance was well spread across RMBS and consumer paper in Europe, UK and Australia. The CLO market was again strong, with 80 US CLOs pricing (\$34.8bn) in March (67 priced in February). 17 European CLOs (€6.6bn) priced (12 in February). There were 51 refinancing/reset trades of the new issue CLOs, indicating a strong refinance market and less net CLO growth than the headlines would indicate. US CMBS new issue was \$12bn compared to \$12bn in February. Issuance was strongest in SASB (over \$6bn) and Agency guaranteed CMBS (\$3bn), with only small conduit issuance in the month.

### Fund Overview


At the end of March, there were 312 securities in 208 securitisations and a cash holding which is available to cover currency hedging collateral. In March, the fund bought 2 tranches of a US CLO and an Australian RMBS. The fund sold 3 UK/EU RMBS and 3 European CLOs. Amortisations and repayments in the month were as expected. CLOs remain the largest sector exposure with 43% (previous month 43%), ahead of CMBS with 24% (23%) and RMBS with 24% (24%). The major geographic exposure remains the USA at 56%, with the Eurozone at 24% (of which 19% is Pan-European, with exposures in multiple countries). The UK represented 13% and Australia 7%. The portfolio was 14% fixed rate and 86% 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 57% of the instruments are USD-denominated and pay all income and repayments in US Dollars. The remaining 43% 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, the situation in Ukraine and Middle East and continuing stress from elevated rates. The prospect of global recession remains possible.

There is no direct exposure to Ukraine, Russia, China, Israel or the Middle East in Securitised Credit. Fundamental credit quality is strong for all of the exposures in this fund. Most of Securitised Credit is floating rate and hence where interest rates remain elevated, this should result in high coupon income. Securitised Credit spreads suffer when there is a fall in confidence, as happened most recently with the banking shock. The immediate outlook is therefore a balance between credit shocks from an impending recession and strong income. In the longer term, any resolution or stabilisation to the many crises 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. As the crises and recovery develop, there will be opportunities to reposition the fund to take advantage of new opportunities.

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

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AM2	USD	Monthly	27 March 2024	0.052903	7.06%
AM2	USD	Monthly	29 February 2024	0.052858	7.06%
AM2	USD	Monthly	31 January 2024	0.052869	7.06%
AM2	USD	Monthly	28 December 2023	0.052171	7.00%
AM2	USD	Monthly	30 November 2023	0.052058	7.00%
AM2	USD	Monthly	31 October 2023	0.051985	7.01%
AM2	USD	Monthly	27 September 2023	0.052109	6.97%
AM2	USD	Monthly	30 August 2023	0.052052	7.00%
AM2	USD	Monthly	27 July 2023	0.052030	7.00%
AM2	USD	Monthly	27 June 2023	0.049457	6.65%
AM2	USD	Monthly	31 May 2023	0.044991	6.03%
AM2	USD	Monthly	28 April 2023	0.045030	6.04%
AM2HKD	HKD	Monthly	27 March 2024	0.052705	7.06%
AM2HKD	HKD	Monthly	29 February 2024	0.052682	7.06%
AM2HKD	HKD	Monthly	31 January 2024	0.052625	7.06%
AM2HKD	HKD	Monthly	28 December 2023	0.051895	6.99%
AM2HKD	HKD	Monthly	30 November 2023	0.051703	6.99%
AM2HKD	HKD	Monthly	31 October 2023	0.051793	7.00%
AM2HKD	HKD	Monthly	27 September 2023	0.051878	6.96%
AM2HKD	HKD	Monthly	30 August 2023	0.052007	7.00%
AM2HKD	HKD	Monthly	27 July 2023	0.051765	7.01%
AM2HKD	HKD	Monthly	27 June 2023	0.049323	6.65%
AM2HKD	HKD	Monthly	31 May 2023	0.044893	6.04%
AM2HKD	HKD	Monthly	28 April 2023	0.045020	6.04%
AM3HAUD	AUD	Monthly	27 March 2024	0.045309	5.74%
AM3HAUD	AUD	Monthly	29 February 2024	0.045066	5.71%
AM3HAUD	AUD	Monthly	31 January 2024	0.045719	5.79%
AM3HAUD	AUD	Monthly	28 December 2023	0.045051	5.73%
AM3HAUD	AUD	Monthly	30 November 2023	0.044008	5.61%
AM3HAUD	AUD	Monthly	31 October 2023	0.043422	5.55%
AM3HAUD	AUD	Monthly	27 September 2023	0.042912	5.44%
AM3HAUD	AUD	Monthly	30 August 2023	0.044272	5.65%
AM3HAUD	AUD	Monthly	27 July 2023	0.045865	5.86%
AM3HAUD	AUD	Monthly	27 June 2023	0.039953	5.09%
AM3HAUD	AUD	Monthly	31 May 2023	0.034175	4.34%
AM3HAUD	AUD	Monthly	28 April 2023	0.034921	4.44%
AM3HGBP	GBP	Monthly	27 March 2024	0.054181	6.73%
AM3HGBP	GBP	Monthly	29 February 2024	0.054214	6.74%
AM3HGBP	GBP	Monthly	31 January 2024	0.053704	6.67%
AM3HGBP	GBP	Monthly	28 December 2023	0.052980	6.61%
AM3HGBP	GBP	Monthly	30 November 2023	0.053414	6.68%
AM3HGBP	GBP	Monthly	31 October 2023	0.053719	6.74%
AM3HGBP	GBP	Monthly	27 September 2023	0.053868	6.70%
AM3HGBP	GBP	Monthly	30 August 2023	0.053663	6.72%
AM3HGBP	GBP	Monthly	27 July 2023	0.052607	6.58%
AM3HGBP	GBP	Monthly	27 June 2023	0.046153	5.76%
AM3HGBP	GBP	Monthly	31 May 2023	0.041416	5.15%

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:  $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n)^{1/n} - 1$ , 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 March 2024

Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield based on ex-dividend date
AM3HGBP	GBP	Monthly	28 April 2023	0.040061	4.98%
AM3HJPY	JPY	Monthly	--	--	--
AM3HRMB	CNH	Monthly	27 March 2024	0.032002	4.21%
AM3HRMB	CNH	Monthly	29 February 2024	0.032494	4.27%
AM3HRMB	CNH	Monthly	31 January 2024	0.029679	3.89%
AM3HRMB	CNH	Monthly	28 December 2023	0.029126	3.84%
AM3HRMB	CNH	Monthly	30 November 2023	0.038844	5.16%
AM3HRMB	CNH	Monthly	31 October 2023	0.042561	5.68%
AM3HRMB	CNH	Monthly	27 September 2023	0.032917	4.34%
AM3HRMB	CNH	Monthly	30 August 2023	0.026678	3.52%
AM3HRMB	CNH	Monthly	27 July 2023	0.028669	3.79%
AM3HRMB	CNH	Monthly	27 June 2023	0.028360	3.75%
AM3HRMB	CNH	Monthly	31 May 2023	0.022377	2.95%
AM3HRMB	CNH	Monthly	28 April 2023	0.020753	2.73%

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 March 2024