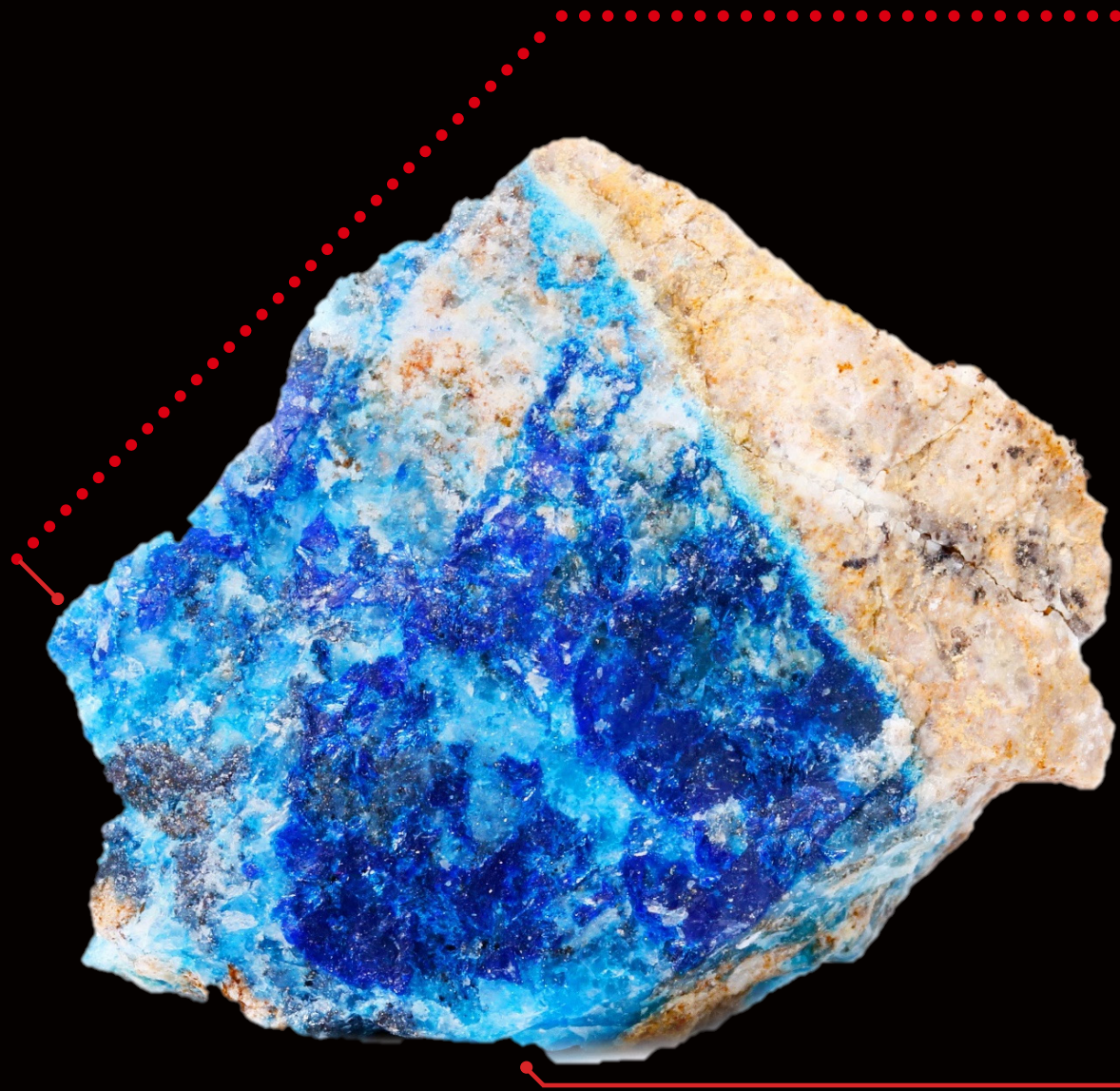


**Important Information:**

- The Fund invests mainly in fixed income securities with an average duration between 6 months and 3 years.
- 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, non-investment grade and unrated debt securities, sovereign debt, emerging markets, interest rate, valuation, 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 this document and should read the offering documents for details.

HSBC Global Investment Funds

# Global Short Duration Bond



# Why consider the Fund?

## 1. Rate cut anticipation

- It is expected that the US Fed will start cutting rates in 2H 2024 from the current level of 5.25-5.50%. When interest rates do fall, the yield curve movement will likely be more pronounced at the front end of the curve, benefiting short duration bonds
- The Fund mainly invests in short-term bonds<sup>^</sup> (with an effective duration of 2.59 years), which may offer a less volatile investment opportunity in an uncertain environment



### US Federal Open Market Committee's summary of economic projections

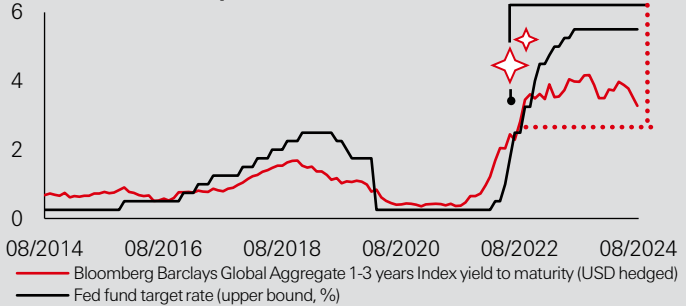
|                         | 2024 | 2025 | 2026 | Longer run |
|-------------------------|------|------|------|------------|
| GDP (% yoy)             | 2.1  | 2.0  | 2.0  | 1.8        |
| Unemployment rate (%)   | 4.0  | 4.2  | 4.1  | 4.2        |
| Core PCE inflation (%)* | 2.8  | 2.3  | 2.0  | 2.0*       |
| Fed funds rate (%)      | 5.1  | 4.1  | 3.1  | 2.8        |

Source: US Federal Reserve, as of June 2024. \*Longer run figure is headline PCE (Personal Consumption Expenditures) Inflation rather than core PCE. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Global Asset Management (Hong Kong) Limited accepts no liability for any failure to meet such forecast, projection or target.

## 2. Take advantage of the currently appealing yields

- From an historical perspective, yields in the short duration credit space remain at attractive levels
- Based on current positioning, the Fund could take advantage of the attractive current yields of the short term investment grade credit markets and provide potential income streams

### Short-term bond yields at attractive levels (%)



Source: Bloomberg, HSBC Asset Management, as of 21 August 2024. Bloomberg Barclays Global Aggregate 1-3 years Index is a measure of global investment grade debt with 1-3 years maturities.

## 3. Attractive monthly income potential

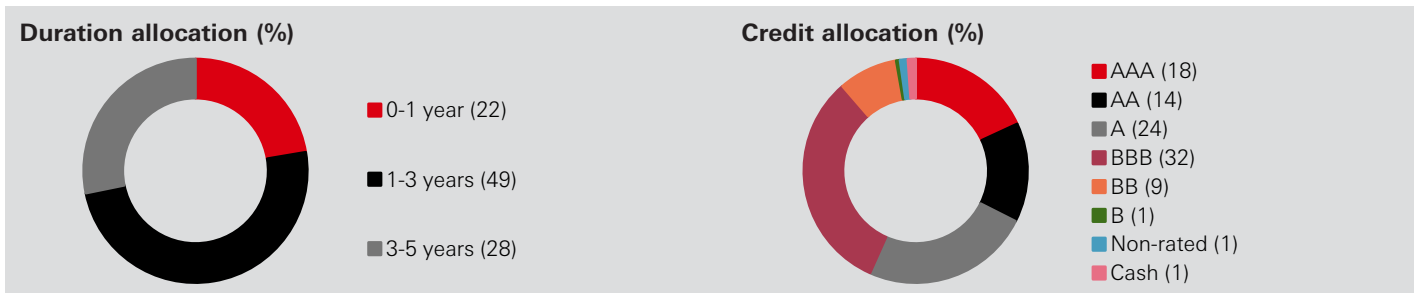
- The Fund seeks to provide an appealing potential income stream (Class AM only)
- The latest annualised dividend yield of Class AM2 is 5.91%<sup>1</sup> (dividend is not guaranteed and may be paid out of capital)

### Dividend record of Class AM2 (dividend is not guaranteed and may be paid out of capital)

| Ex-dividend month | Annualised yield <sup>1</sup> |
|-------------------|-------------------------------|
| July 2024         | 5.91%                         |
| June 2024         | 6.34%                         |
| May 2024          | 6.35%                         |

## 4. High quality assets provide better diversification

- The Fund currently invests in a diversified, multi-sector mix of investment-grade bonds globally, with an average credit rating of A/A-<sup>2</sup>
- The short-duration and high-quality assets in the portfolio with global diversification help provide a relatively defensive characteristic, managing volatility in an uncertain economic environment

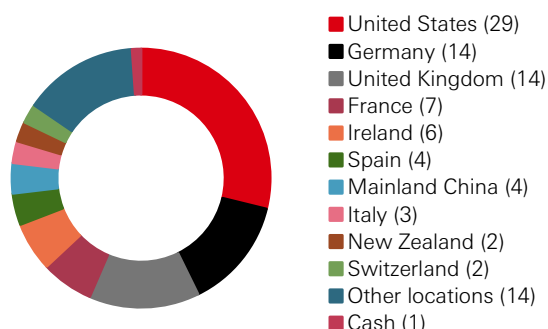


Allocation is subject to change.

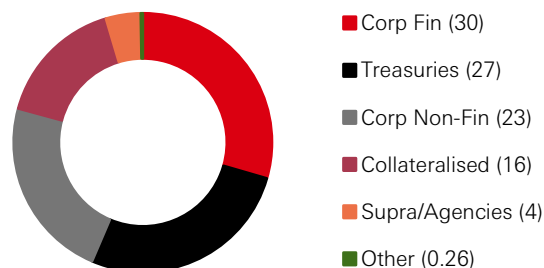
<sup>^</sup> The Fund aims to provide long term total return by investing in a portfolio of bonds with an average duration expected to be between 6 months and 3 years. 1. Dividend is not guaranteed and may be paid out of capital, which will result in capital erosion and reduction in net asset value. 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 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. 2. Average credit rating is a measure aggregating the credit ratings of a portfolio's securities into a single rating. Each security in a portfolio is given an 'index rating' which is a conservative average of the vendors: S&P, Fitch, Moody's, and Sovereign ratings.

# Asset allocation (%) <sup>3</sup>

## Geographical allocation



## Sector allocation



# Investment objective

The Fund aims to provide long term total return by investing in a portfolio of bonds with an average duration expected to be between 6 months and 3 years.

## Potential risks

- ◆ **Investment risk and volatility risk:** the Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal
- ◆ **Interest rate risk:** debt securities are typically subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise
- ◆ **Credit risk:** the Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. In the event that an issuer of a debt security defaults on payment of principal or interest, the Fund could suffer substantial loss and the net asset value of the Fund could be adversely affected
- ◆ **Risks relating to debt securities:** the Fund is subject to valuation risk and credit rating risk
- ◆ **Derivative instrument risk:** the use of derivatives for investment purposes may involve leverage. Leverage can result in a loss significantly greater than the amount invested in derivatives by the Fund leading to a higher risk of significant loss by the Fund
- ◆ **Risk of Portfolio Currency Hedged classes:** Portfolio Currency Hedged Share Classes seek to minimise the effect of currency fluctuations between the Class Currency of a Share Class and the Base Currency of the relevant Fund such that the price in the Class Currency moves similarly to the price in the Base Currency
- ◆ **Risk associated with distribution out of/effectively out of capital:** for certain Classes, dividends may be paid out of capital or effectively out of capital which represents a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any payment of dividends may result in an immediate reduction in the net asset value per share of the Class
- ◆ **Other risks:** general liquidity risk, currency risk, non-investment grade and unrated debt securities risk, sovereign debt risk, emerging markets risk, RMB denominated class risk

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

3. Allocation is subject to change.

Unless otherwise specified, all data used in this document is sourced from HSBC Asset Management, as of 31 July 2024.

## Fund details

|                              |   |                                     |  |
|------------------------------|---|-------------------------------------|--|
| <b>Fund size:</b>            | USD2.56 billion   | <b>Minimum investment:</b>          | USD1,000 / HKD10,000 /<br>AUD1,500 / CAD1,000 /<br>EUR850 / GBP650 / RMB10,000 |
| <b>Inception date:</b>       | 6 December 2018<br>(Class AM2, AM2HKD, AM3HAUD)<br>12 December 2018<br>(Class AM3HRMB)<br>19 September 2023<br>(Class AM3HCAD, AM3HEUR,<br>AM3HGBP) | <b>Subscription fee:</b>            | Up to 3% of the total subscription amount                                      |
| <b>Share class:</b>          | AM2, AM2HKD, AM3HAUD,<br>AM3HCAD, AM3HEUR,<br>AM3HGBP, AM3HRMB  | <b>Management fee:</b>              | 0.50% per annum  |
| <b>Base currency:</b>        | USD   | <b>Switching fee:</b>               | Up to 1.00% of the Switch-Out proceeds   |
| <b>Share class currency:</b> | USD / HKD / AUD / CAD /<br>EUR / GBP / RMB  | <b>Dealing:</b>                     | Daily  |
|                              |   | <b>Dividend policy<sup>4</sup>:</b> | Monthly, if any  |

4. Dividend is not guaranteed and may be paid out of capital, which will result in erosion of capital and reduction in net asset value.

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