

**Important information:**

- The Fund invests mainly in fixed income securities denominated in US dollars.
- Mortgage backed securities and asset backed securities which 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, interest rate, valuation, general debt securities, sovereign debt, geographic concentration, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
- Investors should not invest solely based on this document and should read the offering documents for details.

HSBC Global Investment Funds

# US Dollar Bond



**HSBC** Asset Management

# Why consider the Fund?

## 1. Rate cut anticipation



- It is expected that the Fed will begin to cut interest rates in 2H2024 from the current level of 5.25-5.50%. In the short term, spreads may continue to tighten, which may enhance bond performance
- The Fund has a medium duration of 6.29 years, which may help lock in the current bond yields amidst rate cuts

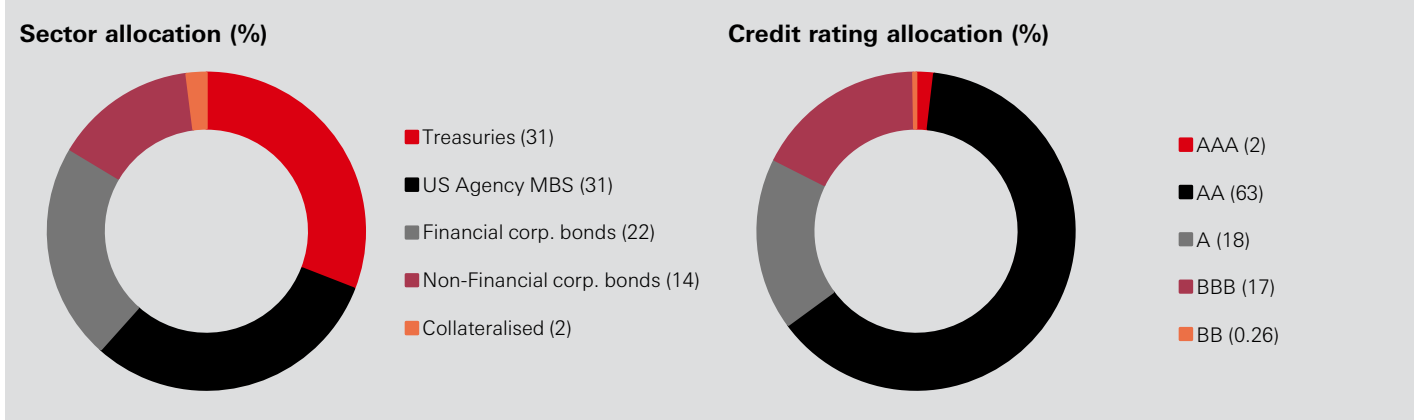
### US Federal Open Market Committee's summary of economic projections

	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*
<b>Fed funds rate (%)</b>	<b>5.1</b>	<b>4.1</b>	<b>3.1</b>	<b>2.8</b>

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. A quality-biased portfolio

- The Fund invests in a portfolio of government, quasi-government, US Agency MBS (mortgage-backed securities) and corporate bonds
- Currently the portfolio invests primarily in Treasuries, with an average credit rating of AA-/ A+<sup>1</sup>
- This overall positioning offers a relatively defensive characteristic, which may provide a cushion against market downside risks



Allocation is subject to change.

## 3. Attractive income stream potential

- The Fund aims to offer an attractive potential income stream to investors
- The latest annualised dividend yield of Class AM2 is 5.08%<sup>2</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>2</sup>
July 2024	5.08%
June 2024	5.25%
May 2024	5.30%

1. 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. 2. 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.

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

# Investment objective

The Fund invests for total return primarily in a diversified portfolio of Investment Grade related fixed income (e.g. bonds) and other similar securities from around the world, denominated in US dollars. The Fund will seek to invest primarily in securities issued in developed markets

## 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
- ◆ **Liquidity risk:** the Fund's investment portfolio will be exposed to liquidity risks - meaning it may take time to sell assets and/or assets may need to be sold at a discount. This risk is greater in exceptional market conditions when a large number of market participants may seek to liquidate their investments which may include the Fund. The Fund may employ a number of techniques to manage liquidity including pricing adjustments and temporarily suspending redemptions
- ◆ **Risks relating to general debt securities:** the Fund is subject to credit risk, credit rating risk, interest rate risk and valuation risk
- ◆ **Geographic concentration risk:** the value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. Further, the value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting such geographical region(s)
- ◆ **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
- ◆ **Asset Backed Securities and Mortgage Backed securities risk:** The ABS and MBS securities which the Fund invests in may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities
- ◆ **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 may result in an immediate decrease in the net asset value per share of the Fund
- ◆ **Other risks:** currency risk, credit rating risk, sovereign debt risk, risks relating to Portfolio Currency Hedged Share Classes

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

## Fund details

<b>Fund size:</b>	USD334 million	<b>Minimum investment:</b>	USD1,000 / HKD10,000 / CAD1,000 / EUR850 / GBP650
<b>Inception date:</b>	7 November 2016 (Class AM2)	<b>Subscription fee:</b>	Up to 3% of the total subscription amount
	9 November 2016 (Class AM2HKD)	<b>Management fee:</b>	Up to 0.75% per annum
	19 September 2023 (Class AM3HCAD, AM3HEUR, AM3HGBP)	<b>Switching fee:</b>	Up to 1% of the Switch-Out proceeds
<b>Share class:</b>	AM2, AM2HKD, AM3HCAD, AM3HEUR, AM3HGBP	<b>Dealing:</b>	Daily
<b>Base currency:</b>	USD	<b>Dividend policy<sup>3</sup>:</b>	Monthly, if any
<b>Share class currency:</b>	USD / HKD / CAD / EUR / GBP		

3. 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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