

HSBC Global Investment Funds

ASIA BOND

Monthly report 31 December 2021 | Share class AC



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Asian bonds.



Investment strategy

In normal market conditions, the Fund will invest at least 90% of its assets in investment grade and non-investment grade bonds issued by governments, government-related entities, supranational entities and companies that are based in or carry out the larger part of their business in Asia. The Fund may invest up to 10% of its assets in onshore Chinese bonds which are issued within the People's Republic of China (PRC) and traded on the China Interbank Bond Market. The Fund may invest up to 10% in convertible bonds and up to 10% in contingent convertible securities. The Fund may also invest up to 10% in asset-backed securities (ABS) and mortgage-backed securities (MBS). The Fund may invest up to 10% of its assets in securities issued by any single government issuer with a non-investment grade rating and may invest up to 10% of its assets in other funds, including HSBC funds. The Fund will not invest more than 40% of its assets in non-investment grade bonds. The Fund's primary currency exposure is to US Dollar (USD). See the Prospectus for a full description of the investment objectives and derivative usage.



Main risks

- The Fund's unit value can go up as well as down, and any capital invested in the Fund may be at risk.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is typically greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless.
- The Fund may invest in Emerging Markets, these markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

Share Class Details

Key metrics

NAV per Share	USD 11.58
Performance 1 month	0.49%
Yield to maturity	4.61%

Fund facts

UCITS V compliant	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	USD
Domicile	Luxembourg
Inception date	29 June 2016
Fund Size	USD 587,412,435
Reference benchmark	100% Markit iBoxx USD Asia Bond
Managers	Ming Leap Alfred Mui

Fees and expenses

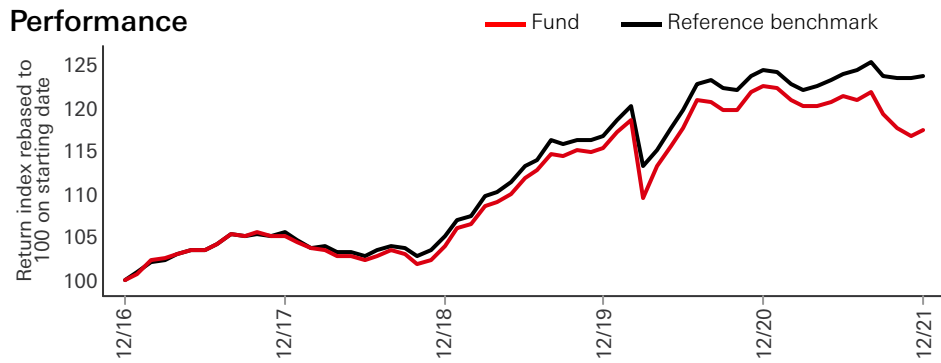
Ongoing Charge Figure ¹	1.447%
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Codes

ISIN	LU1436995101
Bloomberg ticker	HSBABAC LX

¹Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Performance



Performance (%)	Year to date	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC	-4.20	0.49	-1.53	-3.22	-4.20	4.16	3.25
Reference benchmark	-0.58	0.11	-0.17	-0.33	-0.58	5.56	4.32

Calendar year performance (%)	2017	2018	2019	2020	2021
AC	5.11	-1.21	11.10	6.17	-4.20
Reference benchmark	5.43	-0.39	11.00	6.59	-0.58

3-Year Risk Measures	AC	Reference benchmark	5-Year Risk Measures	AC	Reference benchmark
Volatility	6.23%	4.87%	Volatility	5.06%	4.06%
Sharpe ratio	0.50	0.92	Sharpe ratio	0.37	0.72
Tracking error	1.96%	--	Tracking error	1.55%	--
Information ratio	-0.72	--	Information ratio	-0.69	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	384	1,422	--
Yield to worst	4.41%	3.15%	1.26%
Yield to maturity	4.61%	3.14%	1.48%
Modified Duration to Worst	6.41	5.77	0.64
Option Adjusted Spread Duration	6.24	5.74	0.49
Average maturity	8.52	7.62	0.90
Rating average	BBB/BBB-	A-/BBB+	--
Number of issuers	205	517	--

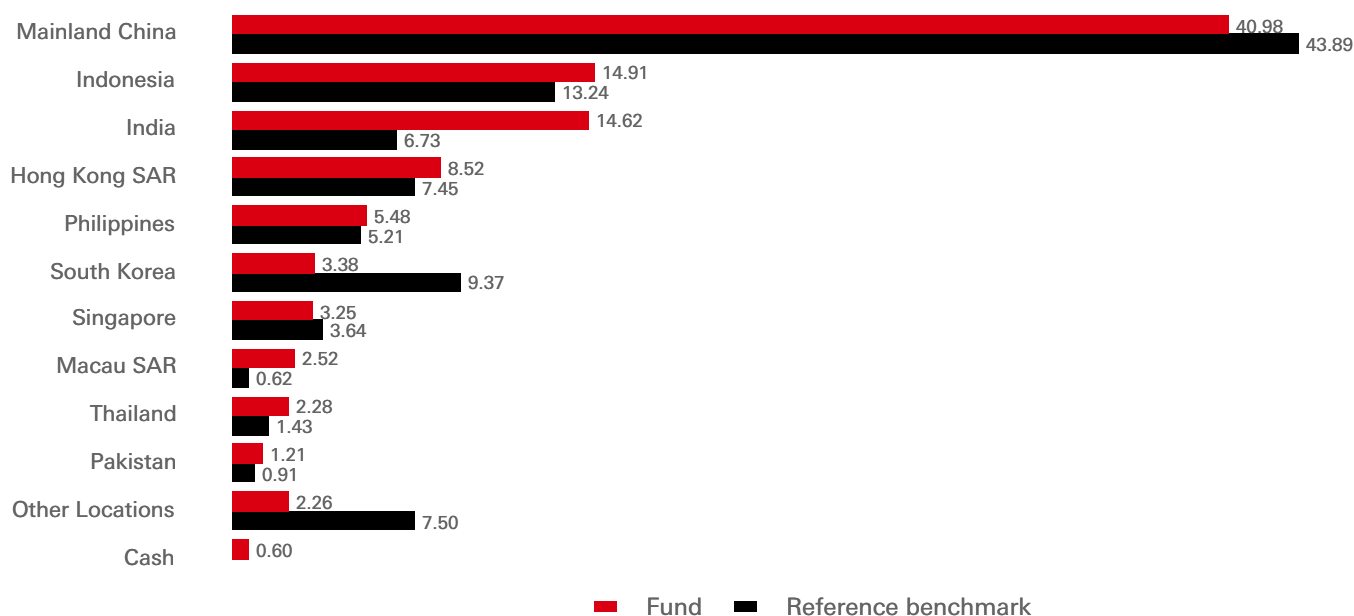
Credit rating (%)	Fund	Reference benchmark	Relative
AAA	--	1.18	-1.18
AA	0.34	8.52	-8.18
A	24.52	36.26	-11.74
BBB	47.60	44.17	3.43
BB	15.59	2.15	13.43
B	7.28	2.68	4.61
CCC	0.04	0.65	-0.62
C	--	0.06	-0.06
NR	4.03	4.32	-0.29
Cash	0.60	--	0.60

Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
0-2 years	0.13	0.19	-0.06
2-5 years	1.33	1.30	0.03
5-10 years	2.04	1.78	0.26
10+ years	2.74	2.54	0.20
Total	6.24	5.82	0.42

Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account.
Source: HSBC Asset Management, data as at 31 December 2021

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	97.31	100.00	-2.69
CNH	2.05	--	2.05
IDR	1.00	--	1.00
CAD	0.00	--	0.00
AUD	0.00	--	0.00
CHF	0.00	--	0.00
SGD	0.00	--	0.00
EUR	-0.02	--	-0.02
GBP	-0.34	--	-0.34

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Real Estate	14.12	6.86	7.26
Energy	13.43	11.65	1.78
Banks	13.27	9.39	3.88
Government	11.49	21.60	-10.10
Utilities	8.31	7.78	0.53
Consumer Cyclical	7.06	3.27	3.79
Diversified Finan serv	6.71	9.41	-2.70
Communications	6.04	7.69	-1.65
Basic Materials	4.90	4.09	0.81
Industrial	4.48	5.79	-1.32
Other Sectors	9.59	12.45	-2.87
Cash	0.60	--	0.60

Top 10 Holdings	Weight (%)
EX-IM BK OF IN 2.250 13/01/31	1.68
PERUSAHAAN LISTR 4.375 05/02/50	1.36
ABJA INVESTMENT 5.450 24/01/28	1.27
PHILIPPINES(REP) 3.200 06/07/46	1.24
REC LIMITED 2.750 13/01/27	1.16
CHINA CONST BANK 2.450 24/06/30	1.09
TENCENT HOLDINGS 3.975 11/04/29	0.98
BANK OF CHINA HK 5.900	0.93
MEDCO OAK TREE 7.375 14/05/26	0.93
INDONESIA (REP) 3.200 23/09/61	0.92

Monthly performance commentary

Portfolio strategy

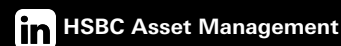
The fund finished December higher, mainly driven by its credit exposure. On a relative basis, the fund benefited from its decent selection in the China property sector, where number of names rebounded after months of selloffs amid positive headlines of potential regulatory loosening and developers' asset sales to improve liquidity. Our overweight positions in India high yield corporates, China industrials and Indonesia investment grade corporates added value. Our exposure in India policy banks and Hong Kong AT1s also benefitted from our decent credit selection. Elsewhere, our underweight positions in China TMT, Sri Lanka and China sovereign bonds were positive to fund return in the month. On the other hand, the fund was dragged by its overweight exposure to Macau gaming bonds during the month. Investors sentiment towards the sector remained weak amid Omicron impacts. On the positives, the fund benefitted from its curve positioning on a relative basis and continued to maintain a yield advantage over its benchmark.

From a sectoral standpoint, our key active positions remain broadly unchanged. The fund continues to hold an overweight stance in bank subordinated debts given their relatively defensive nature and attractive yields. We have also retained our overweight in the property sector, mainly through an overweight in the China property sector, although more on an individual bond selection basis. Meanwhile, we also retained our overweight in the India utilities sector, favouring names with greater earnings visibility. On the other hand, we remain underweight sovereign as well as quasi sovereign bonds given their broadly speaking lower yields than other sectors. Similarly, we are also underweight Korea and Malaysia. Our fund is also underweight China currently given the headlines volatility across sectors. In terms of duration strategy, we slightly decreased the fund's duration amid steepening of the treasury curve. While concerns over inflationary pressure remain and we anticipate some upward momentum in rates, we believe expectation for upcoming tapering in the US is largely reflected in current levels and treasury should trade broadly in range in the short to medium term. The uncertainties caused by Omicron is also likely to weigh on consumer sentiment and provide some offset to the increased inflation expectation.

Risk Disclosure

- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- Further information on the Fund's potential risks can be found in the Key Investor Information Document and Prospectus.

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Glossary



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Source: HSBC Asset Management, data as at 31 December 2021

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