

HSBC GIF MULTI- STRATEGY TARGET RETURN

EUR Share Class B

Monthly Report

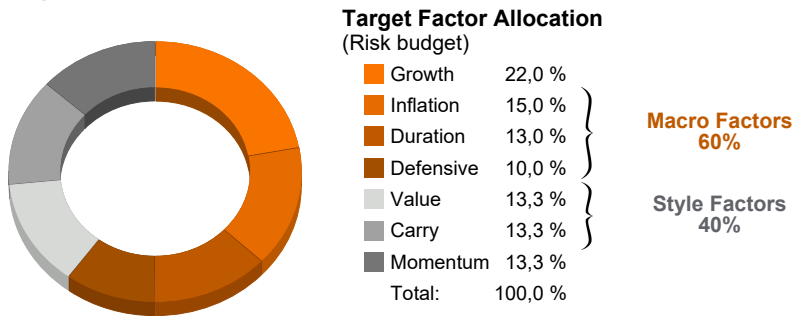
June 2023

This monthly report is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

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Strategic Factor allocation



HGIF Multi Strategy Target Return aims to provide a cash plus return by using a factor based approach to markets, combining **Macro Factors*** (growth, real rates, defensive and inflation) and **Style Factors*** (carry, momentum and value).

The portfolio is based on two strategies:

1) A medium to long-term strategic factor allocation that exploits market-based and style-based factors, which has two components:

- A **Macro Factor*** portfolio invested, through directional long-only positions, in traditional asset classes with the aim to be well-diversified and resilient across different macro environments,
- A **Style Factor*** portfolio invested, through long/short positions, within traditional asset classes that aims to capture non-traditional risk premia over the long run.

2) A short to medium-term tactical factor allocation that seeks to tweak the Strategic allocation actively based on trend following and valuation signals, as well as discretionary views.

These two portfolios are complementary and combined using a risk-budgeting approach with target annual volatility of 7%. Portfolio has a long-only constraint by asset class. Thus, it is expected to exhibit a moderate correlation to financial markets.

*A **Macro Factor** is any fundamental source of risk related to the global economic environment consistently explaining the returns of the asset class.

*A **Style Factor** is any characteristic shared by a group of assets that consistently explains the assets' return relative to the return of the asset class.



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Performance and risk analysis

Fund's performance

Base 100 Performances

Fund Details

Total Asset
EUR 108 944 780.80
Net asset value
(BC)(EUR) 9.884
Legal Form
SICAV regulated under Luxembourg law
Investment horizon
> 3 years
Benchmark for comparison only
100% ESTR
Dividend Policy
(BC): Accumulation Shares

Net Cumulated performance

Portfolio
Benchmark**
**for comparison only.

Net monthly performance by calendar year

The performance figures relate to the past performance which should not be seen as an indication of future returns. The capital invested in the fund can increase or decrease and is not guaranteed. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees.

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Analysis of the investment strategy

Portfolio

Asset Type

Money Market	30.04%	
Sovereign Nominal Bonds	20.44%	
Cash, other	12.48%	
Corporate Bonds	9.07%	
Commodities	6.28%	
Emerg. Mkt Debt – Local Curr.	5.92%	
Gold	5.90%	
Equity	0.00%	
FX forwards	-40.21%	
Total	49.91%	

The portfolio does not hold derivative products.

Equity

The portfolio does not hold derivative products

Fixed-income

Duration Exposure

Duration

Regional Exposure (including Risk overlay)

Net Exposure

Other	0.00%
Total	

In percentage of the Portfolio, derivative products' off-balance-sheet commitment included.

Currency Exposure

Net Exposure

USD	12.89%	
HUF	7.32%	
PLN	5.44%	
SEK	3.59%	
COP	3.51%	
GBP	2.80%	
MXN	2.74%	
CLP	1.62%	
BRL	1.35%	
CNH	0.73%	
TRY	0.65%	
MYR	0.31%	
HKD	0.29%	
ZAR	0.12%	
THB	0.03%	
RUB	-0.01%	
NOK	-0.09%	
NZD	-0.42%	
TWD	-1.58%	
INR	-2.24%	
JPY	-3.07%	
IDR	-3.56%	
AUD	-5.17%	
SGD	-5.33%	
KRW	-6.04%	
CHF	-8.45%	
CAD	-8.93%	
Total	-1.47%	

In percentage of the Portfolio, except derivative products' off-balance-sheet commitment.

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May Fund Manager Commentary

Economic Environment

Equity markets continued to zigzag during the month, tracking central bank pronouncements and economic data, particularly regarding inflation. Talks on raising the debt ceiling were one source of uncertainty, although an agreement was ultimately reached very late in the month to suspend the ceiling until January 2025, after the 2024 presidential elections, in exchange for a relative stabilisation of the government budget outside of military spending.

On the economic front, indicators were mixed – on the one hand, robust in job creations and the unemployment rate, a gradual receding in inflation with the decrease in energy prices, and a high level of confidence in services; and, on the other, sluggish industrial activity, as seen in anaemic confidence indices and negative GDP in markets such as Germany.

Against this backdrop, equities fell by 1.1% on the month. Japan alone rode something of an economic surge, an increase in Japanese companies' profitability, and a weak yen to gain 4.5% in local currency terms. US equities gained 0.6%, driven mainly by tech stocks, including Nvidia, which soared by 36% on the month. Emerging and European markets brought up the rear, with respective declines of 1.7% and 2.5%.

Bond markets diverged, with euro zone government and corporate bonds up slightly and international bonds hit by rising US interest rates. And, lastly, the dollar recovered vs. the euro, climbing 3%.

Performance & current holdings

The fund underperformed the money market on the month, boosted by its strategic exposure to style and macroeconomic factors. All in all, the fund lost 2.3%, vs. declines of 0.3% by global equities (MSCI World EUR Hedged) and 0.4% by US government bonds (Barclays Global Govt Bond EUR Hedged).

Within the directional allocation, the worst-performing factors were Duration and, to a lesser extent, Defensive. We took a hit from our exposure to "dollar"-zone sovereign rates (US, Australia, Canada, and New Zealand) in an environment in which robust economic data (jobs and inflation) raised fears of a new tightening in key rates. Our exposure to the "Europe" block only partly offset this underperformance.

In the Defensive factor, note the poor showing by physical gold (-1.37% in dollars) after very strong gains in the past two months. Performances by the other factors (Inflation and Growth) were close to level, despite the negative contributions of our investments in commodities and some equity markets.

Among style factors, Carry's positive contributions were offset by the negative contributions of Valuation and Momentum. In terms of asset class, the currency portfolio made positive contributions, which were offset by the negative contributions of equity and fixed-income portfolios.

Within the equity portfolios, developed economies and sector arbitrage portfolios made negative contributions. Within the currency portfolios, emerging market portfolios made positive contributions, while developed economy portfolios were stable on the month. On the fixed-income markets, we got a boost mainly from our long Switzerland and short UK positions and took a hit from our short Canada and German exposures.

Outlook

As of the end of May, the portfolio was still highly diversified in its international asset allocation and positioned to capture macroeconomic and style risk premiums. We dialled back our equity exposure very slightly during the month, from 24% and end-April to about 21% at end-May.

In terms of aggregate exposure by asset class, our main exposures are, in fixed income, long Canada, US and Australia and short the euro zone, Sweden and New Zealand; in equities, long UK, US and Italy and short Europe, Thailand, and Malaysia; and, in currencies, long the US dollar, the Hungarian forint and the Polish zloty and short the Swiss franc, Australian dollar and Canadian dollar.

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Fund Details

Legal Form

SICAV regulated under Luxembourg law

Investment horizon

> 3 years

Benchmark for comparison only

100% ESTR

Dividend Policy

(BC): Accumulation Shares

Base Currency

EUR

Valuation

Daily

Subscriptions & Redemptions

Thousandths of shares

Dealing / Payment Date

Daily - D (Business Day) before 10:00 am (Paris) / D+4 (Business Day)

Initial Fee / Exit Fee

3.10% / Nil

Minimum Initial Investment

5,000 EUR

Portfolio Management Company

HSBC Investment Funds (Luxembourg) SA

Portfolio Management Company by delegation

HSBC Global Asset Management (France)

Custodian

HSBC Continental Europe

Central Paying Agent

HSBC Continental Europe

ISIN Code

(BC): LU1679069820

Fees

Real direct fixed management fees

0.50% inc. taxes

Administrative and accounting fees

0.20% inc. taxes