HSBC Global Investment Funds - Global Bond

Share Class AD

30 Sep 2019

Risk Disclosure

• The Fund invests mainly in fixed income securities.
• Mortgage backed securities and asset backed securities may subject to additional risks and volatility.
• Because the Fund's base currency, investments and classes may be denominated in different currencies, investors may be affected adversely by exchange controls and exchange rate fluctuations. There is no guarantee that the currency hedging strategy applied to the relevant classes will achieve its desired result.
• 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, currency, volatility, liquidity, interest rate, tax and political risks. Investors may suffer substantial loss of their investments in the Fund.
• Unit trusts are NOT equivalent to time deposits. Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

Fund Objective and Strategy

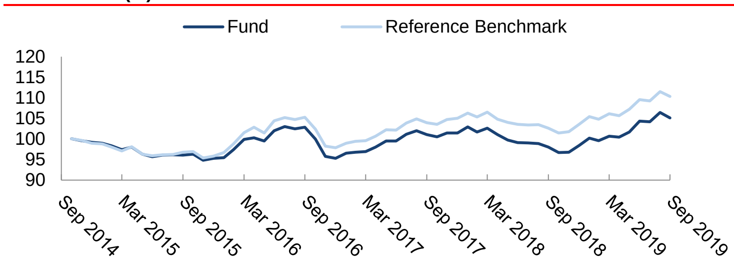
Investment Objective

The Fund invests for total return (meaning capital growth and income) primarily through a diversified portfolio of bonds and similar securities. Although the Fund can invest in bonds from issuers around the world, it mainly holds bonds issued in developed markets and denominated in currencies of OECD countries.

Investment Strategy

The Fund's assets are generally investment-grade, meaning they are rated as such by a credit ratings agency. The sub-fund may invest up to 20% of its net assets in Non-Investment Grade rated fixed income securities. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade. The Fund may invest up to 10% of its assets in Chinese onshore bonds through the China Interbank Bond Market (CIBM). The sub-fund may invest up to 20% of its net assets in fixed income securities issued in Emerging Markets. The Fund can invest up to 30% of its assets in asset-backed securities (ABS) and mortgage-backed securities (MBS). The Fund can also invest up to 10% of its assets in contingent convertible securities. The Fund may invest up to 10% of its assets in funds. See the Prospectus for a full description of the investment objectives and derivative usage.

Performance (%)



Performance (%)	YTD	1M	3M	1Y	3Y[1]	5Y[1]
AD	6.82	-1.25	0.70	7.23	2.19	4.85
Reference Benchmark	6.58	-1.02	0.71	7.60	4.84	10.38

Calendar Year Performance (%)[2]	2014	2015	2016	2017	2018
AD	0.77	-3.93	0.05	6.45	-3.02
Reference Benchmark	0.59	-3.15	2.09	7.39	-1.43

Past performance is not an indicator of 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.

Source: HSBC Global Asset Management, data as at 30 September 2019

Share Class Details

UCITS V Compliant	Yes
Distribution Type	Distributing
Distribution Frequency	Annually
Dealing Frequency	Daily
Min. Initial Investment	USD 1,000
Max. Initial Charge	3.00%
Management Fee	0.75%
Share Class Base Currency	USD
Domicile	Luxembourg
ISIN	LU0039216972
Share Class Inception Date	31 Jul 1989
NAV per Share	USD 13.93
Fund Size	USD 55,236,118
Bloomberg Ticker	HSBIMBI LX
Reference Benchmark	Bloomberg Barclays Global Aggregate
Manager	Ernst Josef Osiander

[1]Result is cumulative when calculation period is over one year.

[2]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.

Reference Performance Benchmark: Bloomberg Barclays Global Aggregate since 1 Jan 2003. Prior to that, was Citigroup WGBI.
Fund change that may have material impact on performance: 21 May 2007 and 1 Jan 2011 – investment objective changed. 16 Nov 2018 - Change in the manner of charging sales charge / switching charge.
To download the offering documents from http://services.assetmanagement.hsbc.com.hk/site/media/pdf/documents/English/AMHK_HGIF.pdf

HSBC Global Asset Management

3-Year Risk Measures	AD	Reference Benchmark
Volatility	4.84%	4.62%
Sharpe Ratio	-0.25	-0.07
Tracking Error	0.68%	-
Information Ratio	-1.27	-

5-Year Risk Measures	AD	Reference Benchmark
Volatility	4.43%	4.45%
Sharpe Ratio	-0.09	0.15
Tracking Error	0.87%	-
Information Ratio	-1.20	-

Characteristics	Fund	Reference Benchmark	Relative
Number of Holdings ex Cash	161	24,215	-
Average Coupon	2.89	2.75	0.14
Effective Duration[3]	7.42	7.12	0.30

Characteristics	Fund	Reference Benchmark	Relative
Portfolio Yield	1.38	1.28	0.10
Average Credit Quality[4]	AA-/A+	AA/AA-	-
Maturity Average	11.50	8.82	2.67

Credit Quality Rating Allocation (%)	Fund	Reference Benchmark	Relative
AAA	47.00	39.33	7.68
AA	5.72	15.33	-9.61
A	27.61	29.86	-2.25
BBB	18.21	15.49	2.72
BB	1.48	-	1.48
NR	-0.01	-	-0.01

Sorted from highest to lowest rating. Cash is not included in any rating.

Sector Allocation (%)	Fund	Reference Benchmark	Relative
Treasuries	58.82	54.37	4.45
US Agency Mbs	12.75	11.07	1.68
Corp Non-fin	11.35	11.72	-0.37
Corp Fin	9.92	6.98	2.93
Supra/agencies	6.73	12.29	-5.56
Collateralised	0.45	3.57	-3.13
CDX	-0.01	-	-0.01

Sorted from largest to smallest per market values of weight.

Maturity Breakdown (Effective Duration)	Fund	Reference Benchmark	Relative
0-2 years	0.32	0.16	0.16
2-5 years	0.56	1.08	-0.52
5-10 years	2.02	1.75	0.27
10+ years	4.52	4.12	0.40
Total	**7.42**	**7.12**	**0.30**

Sorted from shortest to longest per the length of maturity.

Geographical Allocation (%)	Fund	Reference Benchmark	Relative
United States	49.09	39.39	9.70
Japan	12.10	16.61	-4.51
Germany	11.86	4.92	6.95
United Kingdom	6.48	5.00	1.49
Spain	5.02	2.53	2.49
Italy	4.92	3.65	1.27
France	4.17	5.74	-1.57
Canada	2.70	3.28	-0.57
Supranational	1.53	2.05	-0.52
Netherlands	1.37	1.53	-0.15
Other Locations	9.76	15.31	-5.55
Cash	-9.02	-	-9.02

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

Currency Allocation (%)	Fund	Reference Benchmark	Relative
USD	44.18	45.15	-0.97
EUR	24.85	23.69	1.16
JPY	17.33	16.17	1.15
GBP	4.63	4.61	0.02
CAD	2.60	2.60	0.00
CNH	1.30	-	1.30
KRW	1.19	1.18	0.01
CNY	0.78	1.82	-1.04
SGD	0.75	0.20	0.55
CHF	0.56	0.54	0.02
Other Currencies	1.82	4.04	-2.22

Only top 10 breakdowns are displayed. Other breakdowns are included in Others.

Duration Allocation by Currency Bloc (Effective Duration)	Fund	Reference Benchmark	Relative
Dollar	3.31	2.87	0.44
Euro	1.84	1.83	0.01
Japan	1.56	1.56	0.00
UK	0.57	0.54	0.03
EM Local Currency	0.15	0.32	-0.17
Total	**7.42**	**7.12**	**0.30**

Sorted from largest to smallest per Effective Duration.

Top 10 Holdings (%)	Weight (%)
US TREASURY N/B 2.250 15/11/24	7.57
US TREASURY N/B 2.375 15/05/29	5.84
DEUTSCHLAND REP 0.250 15/02/29	5.83
US TREASURY N/B 1.500 15/08/26	5.40
US TREASURY N/B 4.375 15/11/39	4.33
US TREASURY N/B 3.000 15/02/49	3.45
SPANISH GOV'T 1.450 30/04/29	3.17
US TREASURY N/B 1.750 31/07/21	2.44
DEUTSCHLAND REP 0.500 15/02/26	2.33
JAPAN GOVT 10-YR 0.600 20/03/23	2.31

[3]Effective Duration, excludes interest rate futures, bond futures and excess return from interest rate swaps.

[4]Average credit rating uses 'Index rating' which is an average of S&P, Fitch, Moody's. The average fund and benchmark rating does not include securities rated NR or NA.

Source: HSBC Global Asset Management, data as at 30 September 2019

Monthly Performance Commentary

Market Overview

In September US-China trade tensions continued with the US implementing tariffs on around $104bn worth of imports from China. Brexit-related uncertainty also persisted as Prime Minister Boris Johnson suspended Parliament earlier in the month but was later forced to reopen the legislative chamber. Central bank easing was a key element driving markets with the FED and the ECB moving towards further monetary easing. On the geopolitical side, Oil prices increased sharply following an attack on a Saudi Arabian oil refinery. The disruption impacted around 5% of the world's daily oil. Although production appeared to recover rapidly elevated uncertainty persist that could result in further oil price volatility. In the US, as expected, the Federal Open Market Committee (FOMC) trimmed the fed funds target range by 25 bps to 1.75%-2.00%. Policymakers cited heightened risks from slowing global growth and ongoing geopolitical uncertainty for lowering interest rates for a second time this year. US Federal Reserve (Fed) Chair Jerome Powell continued to describe the cuts as an adjustment but emphasized that the committee would consider more action if activity deteriorates or risks intensify. The second estimate for US Q2 GDP was trimmed to 2.0%. Nonfarm payrolls rose by 130,000 in August, lower than an expected 160,000. The prior two months' results were also lowered by 20,000 jobs, bringing the six-month trailing pace to 150,000. US core CPI continued to rise further above the US Federal Reserve's 2% inflation target. In Europe, the European Central Bank (ECB) announced a significant stimulus package at its September meeting. The central bank cut its deposit rate by 10 bps to -0.50%, in line with expectations, and announced a EUR20 billion per month asset purchase programme in a bid to support the economy. The ECB also introduced a two-tier rate system to shield banks from some of the effects of negative interest rates. It also noted that interest rates could remain at their present levels or lower until inflation starts to move closer to its target rate of just below 2%. Eurozone economy continues to show signs of weakness with surveys for business confidence, manufacturing and services continuing to fall. In the UK, UK lawmakers successfully pushed ahead with a bill designed to avert a "no-deal" Brexit on 31 October, the current deadline for the UK's departure from the European Union.In Asia, the Bank of Japan (BoJ) decided to keep its policy unchanged, maintaining short-term yields at -0.10%, the 10-year Japanese government bond (JGB) yield at around 0% and the buying target for JGBs at an annual pace of "about JPY80 trillion." In China, amid trade headwinds economic activity remains subdued with data release for August largely surprising to the downside.

Fund overview

The Fund's absolute value dropped as yields rebounded from last month rally as risk sentiment stabilizes over trade tensions. Rates positioning contributed slightly negatively due to our relative value positioning as Canadian bonds underperformed German bonds. However Euro peripherals overweight continued to add value. Asset allocation and security selection were overall flat. Our European credit position lagged as the market overall widened modestly but the overall yield advantage of our holdings added value. Our EM holdings in the Gulf widened modestly on higher geopolitical tensions but were offset by modest appreciation in other EM names. Currency allocation was slightly negative as the positive contribution from the short AUD versus USD was more than offset by the negative contribution from the long JPY versus USD. The fund is once again overweight overall duration by 0.3 years above benchmark. We opened again a long position in Italy (30 years). The long Spain short Germany remained unchanged. The fund is also long Canada as we expect yields to drop as the central moves towards a more dovish stance. We keep a long JPY short USD position as a hedging for a risk-off environment. The fund also remains short AUD versus USD. The long SEK vs EUR position as closed as the risk-off environment and weaker growth In Europe is unlikely to support any appreciation of the SEK in the short term. We implemented a long EUR short USD position, as we believe that most negative news for the Europe are priced in. In emerging market currencies, we remain cautious with no significant positions for the moment. We remain slightly overweight Mexican bonds versus other EM markets. We remain slightly overweight in credit via mainly investment grade corporates. In terms of issuer selection, we have been aiming to add value through the selection of bonds with attractive relative value while also looking for value in the new issuance market.

Outlook

The US economy is expected to continue expanding around potential as consumer spending remains supported by a healthy labour market. Growth risks however have increased with manufacturing catching up with global weakness and the service sector losing steam. While recently core inflation has accelerated slightly, overall price pressures in the US are likely to remain subdued against the background of an only modestly growing economy and in the absence of accelerated wage growth. The Fed is expected to be alert to a possible downward shift in the growth outlook which makes further monetary accommodation highly likely, possibly as soon as late October. US yields are expected to keep a downward bias as long as fundamentals favours additional rate cuts and ample economic and political uncertainties remain. Eurozone economic activity is likely to remain modestly positive on an aggregate level with downside risks prevailing. Manufacturing remains the main drag on growth while the service sector continues to hold up. The ECB is likely to stay put for a while after the comprehensive easing package announced in September. Significantly below-par inflation is an ongoing concern for the ECB with expectations of only a very gradual increase over the next couple of months. Bond yields have corrected slightly but stay very low and, while extreme valuations may not be sustained over time, European fundamentals do not point in the direction of a change in trend for the time being. Recently credit markets have tread water with valuations remaining relatively flat. We believe the market is digesting competing narratives. One theme is a slowing global economy which, on average, is continuing to move towards the latter stages of the economic cycle. The move is uneven with the US continuing to outperform the rest of the world economically. Historically, slowing economies tend to cause credit markets to correct fundamentally with increases in downgrades and defaults. Another theme, however, is the quick response function of central banks who have already begun to ease policy significantly. If the central banks succeed, they may be able to delay or to slow the credit cycle or to lessen the number of credit events by providing large amounts of liquidity. In Europe for example, the ECB have already announced that easing will include direct corporate and sovereign bond purchases thereby also suggesting some sort of floor on valuations. On the risk side, there are some troubling signs. Recently the US dollar repo market came under stress via a shortage of dollar-denominated cash due to heavy issuance and tax payments. Also market volatility metrics in both equities and bonds (e.g., the VIX or the MOVE indices) have started to spike more frequently through bouts of market underperformance. The last time we saw similar increases in volatility was in 2015/2016, which saw a market correction, and then in 2013 which saw the same. While we are not forecasting a meaningful market correction on par with these historical periods, we are looking at allocations flexibly.

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Terms of Glossary

Convertible bond: is a type of bond that the holder can convert into a specified number of shares of common stock in the issuing company or cash of equal value.
Corporate bond: is bond issued by a company in order to raise financing.
Coupon: the annual interest rate paid on a bond, expressed as a percentage of the face value.
Credit quality: one of the principal criteria for judging the investment quality of a bond or bond mutual fund.
Developed markets: countries that are most developed in terms of its economy and capital markets.
Duration: a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates.
Emerging markets (EM): nations' economies in the process of fast economic growth. Investments in emerging markets are generally considered to be with higher risk.
Government bond or Gilt: a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government.
High yield bond / Non-investment grade bond: fixed income security with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default, but have the potential for higher rewards.
Information ratio: is a ratio of portfolio returns above/under the returns of a benchmark to the volatility of those returns.
Investment grade bond: is considered investment grade or IG if its credit rating is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's.
Maturity: the period of time for which a financial instrument remains outstanding.
Effective Duration: is a duration value based on the probability of early redemption call by the bond issuer.
Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations.
Tracking error: a measure of how closely a portfolio follows the index to which it is benchmarked.
Volatility: a measure of how much a fund's price goes up or down as a percentage of its average performance.
Yield to maturity: the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage.
Portfolio Yield: the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage.

HSBC Global Investment Funds - Global Bond

Supplement Information Sheet

30 Sep 2019

Share Class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Dividend Amount	Annualised Yield (Distribution is not guaranteed and may be paid out of capital)
AD	USD	Annually	11 Jul 2019	0.158330	1.15%
AM2HKD	HKD	Monthly	27 Sep 2019	0.010536	1.24%
AM2HKD	HKD	Monthly	29 Aug 2019	0.013649	1.59%
AM2HKD	HKD	Monthly	31 Jul 2019	0.013804	1.64%
AM2HKD	HKD	Monthly	28 Jun 2019	0.015566	1.85%
AM2HKD	HKD	Monthly	29 May 2019	0.016780	2.05%
AM2HKD	HKD	Monthly	24 Apr 2019	0.017890	2.20%
AM2HKD	HKD	Monthly	29 Mar 2019	0.020680	2.54%
AM2HKD	HKD	Monthly	28 Feb 2019	0.016490	2.04%
AM2HKD	HKD	Monthly	31 Jan 2019	0.018800	2.31%
AM2HKD	HKD	Monthly	28 Dec 2018	0.020450	2.56%
AM2HKD	HKD	Monthly	30 Nov 2018	0.020055	2.55%
AM2HKD	HKD	Monthly	31 Oct 2018	0.020015	2.53%
PD	USD	Annually	11 Jul 2019	0.162225	1.45%

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: ((1 + (dividend amount / 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.