

HSBC Global Investment Funds - Euro High Yield Bond

Share Class AD

30 Sep 2019

Risk Disclosure

- The Fund invests mainly in Euro high yield bond.
- The Fund is subject to the risks of investing in emerging markets.
- Non-investment grade bonds, unrated bonds and contingent convertible 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

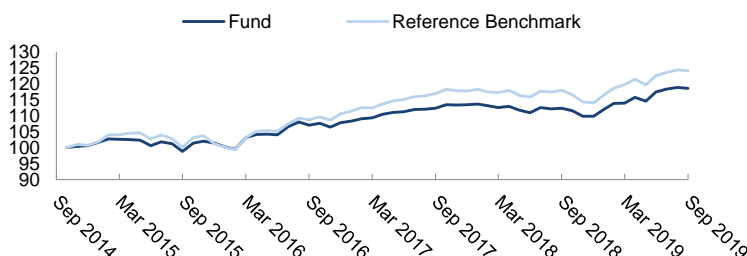
Investment Objective

The Fund aims to provide long-term total return (meaning capital growth and income) by investing in a portfolio of bonds (and other similar securities) issued by companies, governments, government agencies and supranational bodies. Most of the Fund's assets are invested in non-investment grade or unrated (high-yield) bonds, which typically carry more risk.

Investment Strategy

The issuers of these bonds and other securities are based in both developed and emerging markets. The securities the Fund invests in are denominated in Euros, although up to 10% of the Fund's assets can be invested in other currencies from developed countries. The Fund can also invest up to 15% of its assets in contingent convertible securities. These are bonds that convert to equities (carrying higher risk) if the issuer runs into difficulty. However, this exposure is not expected to exceed 10%. The Fund may invest up to 10% of its assets into other funds. The Fund's primary currency exposure is to the Euro. Please 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 | 7.96 | -0.30 | 0.95 | 5.49 | 10.80 | 19.47 |
| Reference Benchmark | 8.82 | -0.27 | 1.19 | 5.15 | 14.11 | 24.34 |

| Calendar Year Performance (%) ² | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|-------|
| AD | 6.35 | 0.81 | 6.38 | 5.22 | -3.23 |
| Reference Benchmark | 5.99 | 0.47 | 9.37 | 6.40 | -3.19 |

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 | EUR 1,000 |
| Max. Initial Charge | 3.00% |
| Management Fee | 1.10% |
| Share Class Base Currency | EUR |
| Domicile | Luxembourg |
| ISIN | LU0165128421 |
| Share Class Inception Date | 16 Dec 2003 |
| NAV per Share | EUR 22.94 |
| Fund Size | EUR 1,919,733,710 |
| Bloomberg Ticker | HSBECAD LX |
| Reference Benchmark | BofA Merrill Lynch Euro High Yield BB-B Constrained |
| Manager | Philippe Igigabel Sophie Sentilhes |

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

²The 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.



Fund changes that may have material impact on performance: 21 May 2007 – investment vehicle expanded. 1 Jan 2011 – fee structure changed. 30 Jan 2015 – 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

| 3-Year Risk Measures | AD | Reference Benchmark | 5-Year Risk Measures | AD | Reference Benchmark |
|----------------------|-------|---------------------|----------------------|-------|---------------------|
| Volatility | 3.12% | 3.51% | Volatility | 3.81% | 4.39% |
| Sharpe Ratio | 1.23 | 1.39 | Sharpe Ratio | 1.02 | 1.07 |
| Tracking Error | 0.97% | - | Tracking Error | 1.41% | - |
| Information Ratio | -1.05 | - | Information Ratio | -0.59 | - |

| Characteristics | Fund | Reference Benchmark | Relative | Characteristics | Fund | Reference Benchmark | Relative |
|---------------------------------|------|---------------------|----------|-------------------------------------|----------|---------------------|----------|
| Number of Holdings ex Cash | 151 | 469 | - | Average Credit Quality ⁴ | BBB/BBB- | BB/BB- | - |
| Effective Duration ³ | 2.74 | 3.19 | -0.45 | Minimum Rating ⁵ | BBB/BBB- | BB/BB- | - |
| Portfolio Yield | 0.90 | 2.53 | -1.63 | Maturity Average | 4.46 | 3.66 | 0.80 |
| Average Yield to Maturity | 2.09 | 3.11 | -1.02 | Number of Issuers | 98 | 262 | - |

| Credit Quality Rating Allocation (%) | Fund | Reference Benchmark | Relative |
|--------------------------------------|-------|---------------------|----------|
| A | 11.77 | - | 11.77 |
| BBB | 46.06 | - | 46.06 |
| BB | 36.53 | 71.27 | -34.74 |
| B | 0.71 | 26.47 | -25.77 |
| CCC | 0.74 | 2.26 | -1.52 |
| NR | 0.03 | - | 0.03 |
| Cash | 4.16 | - | 4.16 |

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

| Maturity Breakdown (Effective Duration) | Fund | Reference Benchmark | Relative |
|---|-------------|---------------------|--------------|
| 0-2 years | 0.20 | 0.33 | -0.13 |
| 2-5 years | 1.30 | 1.62 | -0.32 |
| 5-10 years | 0.81 | 1.06 | -0.25 |
| 10+ years | 0.42 | 0.17 | 0.26 |
| Total | 2.74 | 3.19 | -0.45 |

Sorted from shortest to longest per the length of maturity.

| Top 10 Holdings (%) | Weight (%) |
|---------------------------------|------------|
| BHP BILLITON FIN 4.750 22/04/76 | 2.56 |
| COMMERZBANK AG 4.000 23/03/26 | 2.54 |
| FAURECIA 3.625 15/06/23 | 2.53 |
| FIAT FIN & TRADE 6.750 14/10/19 | 2.33 |
| ORSTED A/S 6.250 26/06/13 | 2.28 |
| TENNET HLD BV 2.995 | 2.14 |
| ORANGE 5.000 | 2.10 |
| AXA SA 3.941 | 1.99 |
| TALANX FINANZ 8.367 15/06/42 | 1.88 |
| GDF SUEZ 3.875 | 1.75 |

| Sector Allocation (%) | Fund | Reference Benchmark | Relative |
|-----------------------|-------|---------------------|----------|
| Banking | 25.42 | 10.32 | 15.10 |
| Insurance | 13.52 | 2.16 | 11.36 |
| Basic Industry | 11.90 | 12.54 | -0.64 |
| Automotive | 10.55 | 7.33 | 3.22 |
| Telecommunications | 7.17 | 12.99 | -5.82 |
| Utility | 6.57 | 4.31 | 2.25 |
| Energy | 4.70 | 3.23 | 1.48 |
| Transportation | 2.41 | 1.37 | 1.04 |
| Healthcare | 2.32 | 4.67 | -2.35 |
| Retail | 2.25 | 4.98 | -2.73 |
| Other Sectors | 9.04 | 36.10 | -27.06 |
| Cash | 4.16 | - | 4.16 |

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

| Geographical Allocation (%) | Fund | Reference Benchmark | Relative |
|-----------------------------|-------|---------------------|----------|
| France | 28.47 | 11.68 | 16.79 |
| Germany | 18.16 | 10.62 | 7.54 |
| Netherlands | 9.20 | 5.53 | 3.67 |
| Spain | 7.97 | 10.35 | -2.38 |
| Switzerland | 6.29 | 1.53 | 4.76 |
| United States | 4.59 | 15.84 | -11.25 |
| Belgium | 4.26 | 1.39 | 2.87 |
| Denmark | 3.68 | 0.86 | 2.81 |
| Australia | 3.29 | - | 3.29 |
| United Kingdom | 2.82 | 5.88 | -3.06 |
| Other Locations | 7.11 | 36.31 | -29.20 |
| Cash | 4.16 | - | 4.16 |

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

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

⁴Average 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.

⁵Minimum credit rating uses minimum quality rating across S&P, Fitch and Moody's. The aggregate 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

The euro high-yield market edged lower in September by -0.28%. This was the result of a rise of around 16bp in yields and an 11bp widening of credit spreads. The first half of the month was generally positive but markets weakened in the second half, probably on the continuing decline of the euro zone economic environment. The PMI Composite confidence indicator was 50.4, down substantially on the month.

On 12 September the ECB announced a much anticipated set of money market easing measures. Expectations were so high that the measures announced failed to trigger any further credit spread tightening. It seems that money market policy has now more or less reached the bottom of the barrel when it comes to stimulating growth.

Outlook

The primary market was quiet in September and the fund's composition changed little. We did increase our exposure to Mobilux (BUT brand) after strong profits and Tennen's hybrid bonds (power grid in Netherlands and Germany). And conversely we sold our position in Europcar which faces fierce competition in its sector.

We remain convinced that relatively high-rated credits are satisfactorily priced. Such issuers are robust enough to ride out a stiffening economic environment. In contrast, lower-rated names (rated B and CCC) seem to us generally expensive and the portfolio has a clear underweight to them. Their prices may reflect the search for yield in a rock-bottom rate environment.

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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 - Euro High Yield 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 | EUR | Annually | 11 Jul 2019 | 0.551512 | 2.41% |
| AC | EUR | - | - | - | - |
| AM2 | EUR | Monthly | 27 Sep 2019 | 0.005741 | 0.63% |
| AM2 | EUR | Monthly | 29 Aug 2019 | 0.008613 | 0.95% |
| AM2 | EUR | Monthly | 31 Jul 2019 | 0.007473 | 0.82% |
| AM2 | EUR | Monthly | 28 Jun 2019 | 0.017675 | 1.97% |
| AM2 | EUR | Monthly | 29 May 2019 | 0.013750 | 1.57% |
| AM2 | EUR | Monthly | 24 Apr 2019 | 0.016940 | 1.91% |
| AM2 | EUR | Monthly | 29 Mar 2019 | 0.019900 | 2.28% |
| AM2 | EUR | Monthly | 28 Feb 2019 | 0.021830 | 2.50% |
| AM2 | EUR | Monthly | 31 Jan 2019 | 0.026450 | 3.09% |
| AM2 | EUR | Monthly | 28 Dec 2018 | 0.025370 | 3.01% |
| AM2 | EUR | Monthly | 30 Nov 2018 | 0.020264 | 2.39% |
| AM2 | EUR | Monthly | 31 Oct 2018 | 0.016225 | 1.88% |

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: $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n - 1)$, 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.