

HSBC Global Investment Funds

GLOBAL LOWER CARBON BOND

Monthly report 31 March 2024 | Share class BCHGBP



Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of bonds that has a lower carbon footprint than its reference benchmark. The Fund qualifies under Article 8 of SFDR.



Investment strategy

The Fund is actively managed.

In normal market conditions, the Fund will invest at least 70% of its assets in investment grade and non-investment grade bonds issued by companies that are based in developed markets and emerging markets. The Fund will invest in bonds issued by companies with consideration of their Lower Carbon Criteria.

The Fund will also invest in Green Bonds meeting the Green Bond Principles of the International Capital Market Association. The Fund will not invest in companies involved in the production of tobacco or related activities.

The Fund may invest up to 10% in onshore Chinese bonds which are issued within the People's Republic of China and traded on the China Interbank Bond Market.

The Fund may invest up to 10% in non-investment grade bonds and up to 10% in ABS and MBS. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds, including HSBC funds.

The Fund's primary currency exposure is to USD.

See the Prospectus for a full description of the investment objectives and derivative usage.



Main risks

- Please remember that the value of investments, and any income received from them, can fall as well as rise, is not guaranteed and you may not get back the amount you invested.
- 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	GBP 9.63
Performance 1 month	1.54%
Yield to maturity	4.84%

Fund facts

UCITS V compliant	Yes
Dividend treatment	Accumulating
Dealing frequency	Daily
Valuation Time	17:00 Luxembourg
Share Class Base Currency	GBP
Domicile	Luxembourg
Inception date	20 August 2019
Fund Size	USD 248,760,932
Managers	Jerry Samet Jean Olivier Neyrat Mohamed Imtiaz Siddeeq

Fees and expenses

Minimum Initial Investment	USD 5,000
Ongoing Charge Figure ¹	0.672%

Codes

ISIN	LU1689526942
Bloomberg ticker	HSGBCHG 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.

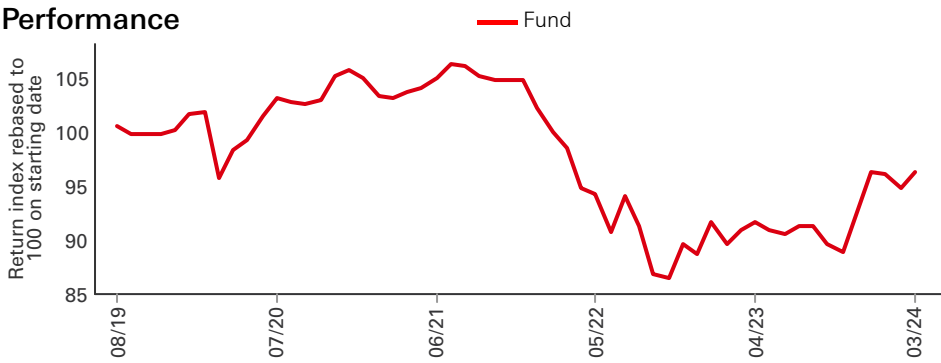
Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

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

For definition of terms, please refer to the Glossary QR code and Prospectus.

Source: HSBC Asset Management, data as at 31 March 2024

Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	Since inception ann
BCHGBP	-0.03	1.54	-0.03	7.41	5.73	-2.25	--	-0.82

Rolling Performance (%)	31/03/23-31/03/24	31/03/22-31/03/23	31/03/21-31/03/22	31/03/20-31/03/21	31/03/19-31/03/20
BCHGBP	5.73	-7.51	-4.50	7.54	--

Carbon footprint	Fund	Reference benchmark	HSBC ESG Score	ESG score	E	S	G
Carbon intensity emissions	46.54	142.32	Fund	6.0	7.6	5.2	6.1
Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO ² e/USD million) Source of analytics: Trucost			Reference benchmark	5.8	7.3	5.0	5.8

3-Year Risk Measures	BCHGBP	Reference benchmark	5-Year Risk Measures	BCHGBP	Reference benchmark
Volatility	7.41%	--	Volatility	--	--
Sharpe ratio	-0.67	--	Sharpe ratio	--	--

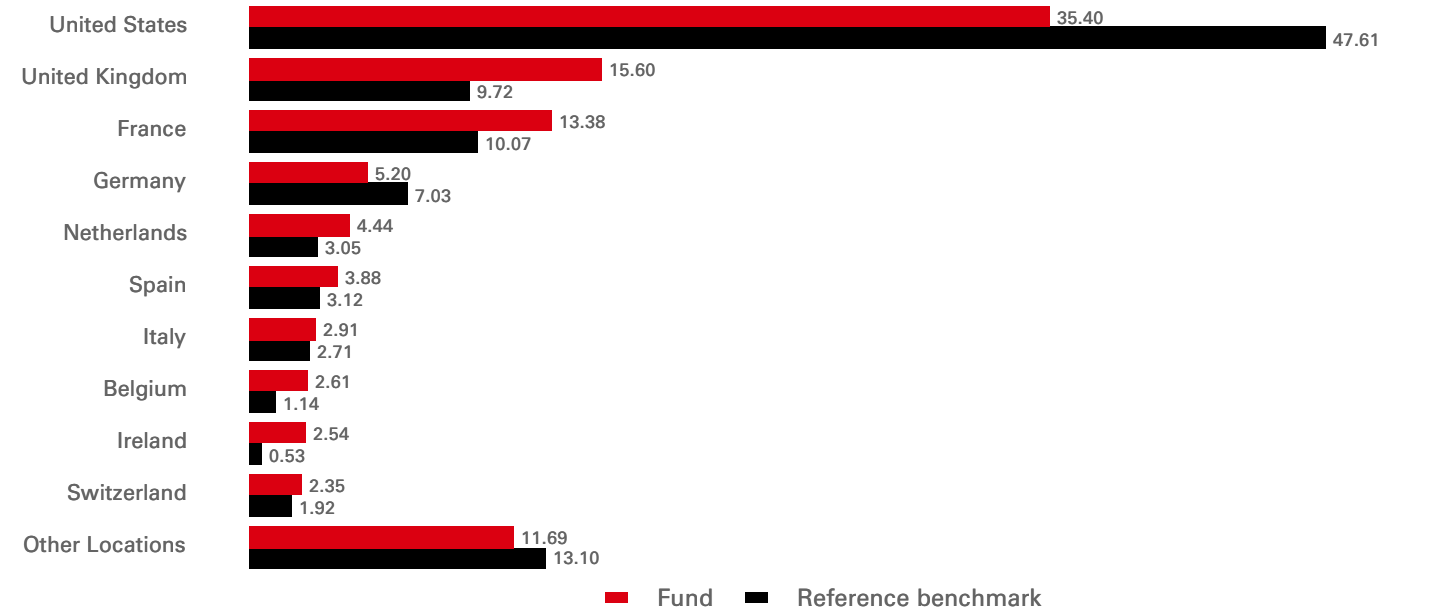
Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	434	14,657	--
Average coupon rate	3.91	3.40	0.51
Yield to worst	4.67%	4.61%	0.06%
Option Adjusted Duration	5.90	5.61	0.29
Modified Duration to Worst	5.87	5.59	0.29
Option Adjusted Spread Duration	5.78	5.67	0.11
Average maturity	8.21	7.70	0.51
Rating average	A-/BBB+	A-/BBB+	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
AAA	1.19	0.74	0.44	0-2 years	0.14	0.18	-0.04
AA	11.42	7.97	3.45	2-5 years	1.31	1.11	0.20
A	32.80	42.44	-9.64	5-10 years	2.28	1.83	0.45
BBB	51.36	48.85	2.51	10+ years	2.16	2.49	-0.33
BB	0.83	--	0.83	Total	5.90	5.61	0.29
B	0.10	--	0.10				
NR	0.03	--	0.03				
Cash	2.27	--	2.27				

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.
 The benchmark data is that of the reference benchmark of the fund, as this data is calculated at fund level rather than share class level.
 The reference benchmark of the fund is 100% Bloomberg Global Aggregate Corporates Diversified Index Hedged USD
 Source: HSBC Asset Management, data as at 31 March 2024

Currency Allocation (%)	Fund	Reference benchmark	Relative
USD	99.25	100.00	-0.75
EUR	0.72	--	0.72
GBP	0.03	--	0.03
HKD	0.00	--	0.00
AUD	0.00	--	0.00
CHF	0.00	--	0.00
SGD	0.00	--	0.00

Geographical Allocation (%)



Sector Allocation (%)	Fund	Reference benchmark	Relative
Financial Institutions	50.74	40.46	10.28
Consumer Non cyclical	8.69	13.41	-4.73
Consumer Cyclical	7.72	8.38	-0.66
Utility	6.40	8.91	-2.51
Communications	6.08	7.02	-0.94
Capital Goods	5.69	5.01	0.68
Treasuries	3.91	--	3.91
Technology	3.38	5.53	-2.15
Transportation	2.08	2.96	-0.88
Agencies	1.81	--	1.81
Other Sectors	1.23	8.30	-7.07
Cash	2.27	--	2.27

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Top 10 Holdings	Weight (%)
PACCAR FINL CORP 4.600 31/01/29	1.59
NEW YORK LIFE GL 4.700 29/01/29	1.19
ASHTead CAPITAL 5.800 15/04/34	1.13
US TREASURY N/B 4.750 15/11/53	1.05
JPMORGAN CHASE 4.600	0.95
ASSICURAZIONI 5.272 12/09/33	0.94
SCHNEIDER ELEC 3.250 10/10/35	0.86
US TREASURY N/B 4.250 15/03/27	0.83
FERROVIAL SE 4.375 13/09/30	0.82
COREBRIDGE GF 5.900 19/09/28	0.81

Monthly performance commentary

A more dovish central bank tone and continued strong US growth saw risk assets move higher in March while rates volatility moderated. This saw global credit spreads move tighter overall for the month, edging closer to their historical tight. In combination with lower rate volatility this saw strong positive total return for both Investment Grade and High Yield markets in March. Monthly IG issuance weakened in March with \$167.8 billion, for a Q1 total of \$657.7 billion. HY supply remained steady with \$26.4 billion issued over the month for a Q1 total of \$82.6 billion. US Treasury yields fell marginally in March with the curve reinverting somewhat lead by a larger move in longer dated maturities. The 2, 5, 10 and 30 year moved lower by 0, -3, -5 and -4 basis points to finish the month at 4.62%, 4.21%, 4.20% and 4.34% respectively. In this market context the fund's benchmark returned 1.33% over the month.

Overall strategy performance was positive on an absolute basis outperforming the reference benchmark gross of fees.

Regionally the underweight to the US and overweight to Europe and the UK added to relative performance as the US was the weakest performing region over the month. This was further boosted by positive selection effects which each regional segment of the portfolio outperforming its investment universe. Duration positioning detracted from performance overall. While the overweight to duration was beneficial as rates fell, this was offset by curve positioning with a steepener, which detracted as the curve reinverted somewhat over the month.

Regionally the portfolio is underweight the US, and overweight Europe and the UK. The regional weights for the US, EUR and UK are 47%, 44% and 9% respectively. The average credit rating of the portfolio is A-/BBB+ in line with the benchmark with an overweight to AAA, AA and BBB rated bonds and an underweight A rated bonds. The fund also has a small off benchmark exposure to BB rated bonds of less than 1%. From an industry perspective the strategy's largest overweights are to financials and treasuries. Financials offer attractive relative value as well as lower relative carbon footprints vs industrials while Treasuries represent the portfolio's more cautious credit positioning. The main underweights are to consumer non-cyclicals and energy on the basis of less attractive valuations as well as a higher carbon footprint for energy. The overall duration is overweight the benchmark by 0.29 years at 5.90 on an option adjusted basis and the portfolio beta is just above 1.

Outlook

Q2 began with a shift in market expectations for when the Fed would begin to cut rates. Strong economic data as well as more hawkish comments from Fed members which emphasized the need for additional data to confirm a trajectory of lower inflation before a potential move has increased uncertainty around when the Fed could begin to cut. This has seen an increase in rate volatility as markets reprice. Credit spreads continue to be historically tight but remain underpinned by solid credit fundamentals and a robust economic outlook. Our expectation is still that the global economy will eventually slow and as a result, over the longer-term spreads are more likely to move wider. In the short term however, we don't see any specific catalyst that would send spreads meaningfully wider, and we expect they could continue to grind tighter. As a result, we are currently positioned with a more neutral bias but remain selective between sectors and issuers based on relative value.

For Investment Grade portfolios our credit positioning remains neutral in the short term with a beta of close to or slightly above 1 as despite the longer-term expectation of an economic slowdown, we don't see an immediate driver to send spreads meaningfully wider over the next few months. We remain focused on issuer selection however with an emphasis on companies with stable or improving credit fundamentals and attractive relative value. Regionally we are maintaining our overweight to Europe vs the US given better valuations and the attractive level of hedge carry when converting back to USD. Portfolio duration is currently overweight the benchmark and positioned along the curve for a steepening.

Ten lowest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
FRLBP V5.625 09/21/28 EMTN	0.08	IIILN 3.75 06/05/40	0.09
CAIDEP CP 0 04/02/24	0.08	SRBANK 0.25 11/09/26 EMTN	0.09
SCOR V3.875 PERP	0.22	JUSTLN V7 04/15/31	0.11
MGNLN V3.875 07/20/49	0.25	ICPLN 1.625 02/17/27	0.16
DNBBNK ECD 0 05/07/24	0.26	SAGAX 0.75 01/26/28 EMTN	0.18
SAMPFH V2.5 09/03/52 EMTN	0.32	SAGAX 1.125 01/30/27 EMTN	0.18
PHNXLN V7.75 12/06/53 EMTN	0.42	HANRUE 1.125 04/18/28	0.18
ASRNED V7 12/07/43	0.52	SCOR V1.375 09/17/51	0.22
SYF 5.4 08/22/25 BKNT	0.64	SRENVX V2.534 04/30/50	0.24
SYF 2.875 10/28/31	0.64	SRENVX V2.6 PERP	0.24

Ten highest carbon intensity issuers

Fund	Carbon intensity emissions (tonnes CO ² e/USD million)	Reference benchmark	Carbon intensity emissions (tonnes CO ² e/USD million)
WM 4.15 04/15/32	795.65	INTLWT 5.95 12/15/39 REGS	53,342.22
WCNCN 2.2 01/15/32	676.10	HNINTL 2.625 02/20/30	10,250.80
SSELN 5.5 01/15/44 EMTN	530.60	UTCMIN 2.8 02/16/31 REGS	8,930.68
SSELN 8.375 11/20/28 EMTN	530.60	VST 3.7 01/30/27 144A	6,920.55
SGN 6.625 03/14/35 emtn	431.30	VST 7.233 05/17/28	6,920.55
BNGBNK CP 0 04/02/24	415.83	CNL 3.743 05/01/26	5,516.85
ENELIM 2.875 07/12/41 144A	392.81	HKE 1.875 08/27/30 EMTN	4,913.81
ENELIM 5.5 06/15/52 144A	392.81	EVRG 2.25 06/01/30 2020	4,775.06
ENELIM V1.375 PERP 6.5Y	392.81	EVRG 2.55 07/01/26	4,775.06
NGGLN 1.375 09/16/26 EMTN	329.48	EVRG 2.9 09/15/29	4,775.06

Company carbon data, can often be “partially disclosed”, i.e. partial geographic coverage, or incomplete operational data. Trucost* undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies.*Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

Source of analytics: Trucost / HSBC

Source: HSBC Asset Management, data as at 31 March 2024

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.
- You should be aware of the potential risk of investing in a currency which is not your base currency and the effect any change in exchange rates may have, be it up or down, when converting your returns back to your base currency. The underlying investments may be made in local currencies which are subject to exchange rate fluctuations if converting returns back to the base currency.
- Further information on the potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

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Benchmark disclosure

The Investment Advisor will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the Fund's investments will be components of the reference benchmark. However, their weightings may deviate materially from those of the reference benchmark. The deviation of the Fund's performance relative to the benchmark is monitored, but not constrained, to a defined range.

Source: HSBC Asset Management, data as at 31 March 2024

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Glossary



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Further information about the Company including the Prospectus, the most recent annual and semi-annual reports of the Company and the latest share prices, may be obtained free of charge, in English, from the Registrar and Transfer Agent by emailing amgtransferagency@lu.hsbc.com, or by visiting www.global.assetmanagement.hsbc.com.

The most recent Prospectus is available in English and German. Key Investor Document (KID) are available in the local language where they are registered.

Term: The management company cannot terminate the Fund unilaterally. The Board of Directors may furthermore decide to liquidate the Fund in certain circumstances set out in the prospectus and articles of incorporation of the Fund. Further additional and complete information (including but not limited to) investor rights, costs and charges, please refer to the prospectus.

Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found at: <https://www.assetmanagement.hsbc.co.uk/en/intermediary/investment-expertise/sustainable-investments/sustainable-investment-product-offering>