

## HSBC Global Investment Funds

# INDIA FIXED INCOME

Monthly report 31 July 2022 | Share class AD



### Investment objective

The Fund aims to provide long term capital growth and income by investing in a portfolio of Indian bonds and other similar securities.



### Investment strategy

The Fund is actively managed and is not constrained by a benchmark. In normal market conditions, the Fund will invest at least 90% of its assets in Indian rupee denominated investment grade bonds, non-investment grade bonds and unrated bonds issued by government and corporate entities; investment grade, non-investment grade and unrated bonds issued by government, government-related entities and companies that are based in or carrying out the larger part of their business in India that are denominated in other currencies; cash and money market instruments; and other financial instruments such as structured products. The Fund may be subject to a limit on its investments in India. Where this is the case the Fund may invest in non-INR denominated fixed income securities or derivatives. The Fund may invest up to 100% in bonds issued by the Indian government and government-related entities. The Fund may invest up to 20% in cash and money market instruments. The Fund may invest up to 10% in contingent convertible securities and up to 10% in other funds. 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	<b>USD 7.85</b>
Performance 1 month	<b>0.72%</b>
Yield to maturity	<b>7.25%</b>

#### Fund facts

UCITS V compliant	<b>Yes</b>
Subscription mode	<b>Cash</b>
Dividend treatment	<b>Distributing</b>
Distribution Frequency	<b>Annually</b>
Dividend ex-date	<b>6 July 2022</b>
Dividend annualised yield	<b>5.08%</b>
Last Paid Dividend	<b>0.396744</b>
Dealing frequency	<b>Daily</b>
Valuation Time	<b>17:00 Luxembourg</b>
Share Class Base Currency	<b>USD</b>
Domicile	<b>Luxembourg</b>
Inception date	<b>18 January 2013</b>
Fund Size	<b>USD 571,600,211</b>
Managers	<b>Sanjay B Shah Fouad Mouadine</b>

#### Fees and expenses

Minimum initial investment (SG) <sup>1</sup>	<b>USD 1,000</b>
Maximum initial charge (SG)	<b>3.000%</b>
Management fee	<b>1.100%</b>

#### Codes

ISIN	<b>LU0780247986</b>
Bloomberg ticker	<b>HSIFAUI LX</b>

<sup>1</sup>Please note that initial minimum subscription may vary across different distributors

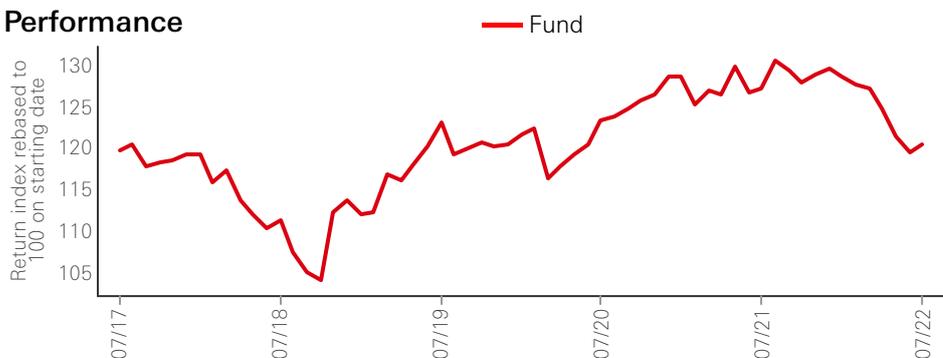
Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark

\*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied.

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

Source: HSBC Asset Management, data as at 31 July 2022

## Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
<b>AD</b>	<b>-7.09</b>	<b>0.72</b>	<b>-3.42</b>	<b>-6.27</b>	<b>-5.21</b>	<b>-0.73</b>	<b>0.14</b>
AD (Net)*	-9.80	-2.22	-6.24	-9.00	-7.97	-1.70	-0.45

Calendar year performance (%)	2017	2018	2019	2020	2021
<b>AD</b>	<b>8.23</b>	<b>-4.55</b>	<b>5.96</b>	<b>6.72</b>	<b>0.77</b>
AD (Net)*	5.07	-7.33	2.87	3.61	-2.17

3-Year Risk Measures	AD	Reference benchmark	5-Year Risk Measures	AD	Reference benchmark
Volatility	5.69%	--	Volatility	6.95%	--
Sharpe ratio	-0.24	--	Sharpe ratio	-0.16	--

Fixed Income Characteristics	Fund	Reference benchmark	Relative
No. of holdings ex cash	46	--	--
Average coupon rate	6.93	--	--
Yield to worst	7.21%	--	--
Yield to maturity	7.25%	--	--
Current yield	6.95%	--	--
Option Adjusted Duration	4.23	--	--
Modified Duration to Worst	4.17	--	--
Average maturity	5.36	--	--
Number of issuers	20	--	--

Credit rating (%)	Fund	Reference benchmark	Relative	Maturity Breakdown (Option Adjusted Duration)	Fund	Reference benchmark	Relative
BBB	64.20	--	--	0-2 years	0.10	--	--
BB	2.85	--	--	2-5 years	1.34	--	--
NR	32.59	--	--	5-10 years	2.58	--	--
Cash	0.36	--	--	10+ years	0.20	--	--
				Cash	0.00	--	--
				<b>Total</b>	<b>4.23</b>	<b>--</b>	<b>--</b>

Performance is annualised when calculation period is over one year. Past performance does not predict future returns. Fund return: NAV-to-NAV basis or Bid-to-Bid basis. For comparison with benchmark \*Share class denoted with "(Net)" refers to fund return net of maximum initial charge (SG) on a single pricing (NAV) basis. No redemption charge is levied. Source: HSBC Asset Management, data as at 31 July 2022

<b>Sector Allocation (%)</b>	<b>Fund</b>	<b>Reference benchmark</b>	<b>Relative</b>
Sovereign	62.57	--	--
Regional(state/provnc)	10.23	--	--
Diversified Finan Serv	10.14	--	--
Bank	5.63	--	--
Electric	4.88	--	--
Oil & gas	3.21	--	--
Transportation	2.99	--	--
Cash	0.36	--	--

<b>Top 10 Holdings</b>	<b>Weight (%)</b>
INDIA GOVT BOND 6.790 15/05/27	11.68
INDIA GOVT BOND 5.630 12/04/26	10.82
INDIA GOVT BOND 7.170 08/01/28	7.80
INDIA GOVT BOND 7.260 14/01/29	6.69
INDIA GOVT BOND 6.540 17/01/32	4.74
INDIA GOVT BOND 7.270 08/04/26	4.58
INDIA GOVT BOND 5.740 15/11/26	3.75
NHPC LTD 8.120 22/03/29	3.66
INDIA GOVT BOND 6.790 26/12/29	3.25
INDIA GOVT BOND 7.950 28/08/32	2.97

Top 10 holdings exclude holdings in cash and cash equivalents and money market funds.

## Monthly performance commentary

### Market Review

The Indian domestic bond market ended July higher amid a slight flattening in Indian sovereign yield curve. On the other hand, corporate yield curve moved lower over the month. June inflation remained unchanged in YoY terms from last month, while eased sequentially, largely reflecting the impact of excise duty cuts on petrol and diesel and moderation in food prices. Core inflation rose in annual terms, while sequential momentum remained unchanged. May industrial production rose for the sixth straight month in sequential terms, driven mainly by strong production of infrastructure and construction goods as well as capital goods, reflecting government's commitment to CAPEX. Annual growth came in even stronger, led by last year's favourable base. Elsewhere, June trade deficit widened to record levels. Core exports slowed for a second month on a sequential basis, mainly from low-skill exports (like agriculture and textiles), while oil exports have been relatively resilient. On the other hand, imports have soared across the board with core imports also rising, reflecting not only commodity price increases in items like coal, chemicals, and fertilizers, but also the rise in consumer goods imports. The INR depreciated against USD in July given a strong USD backdrop and India's widening current account deficit.

### Portfolio strategy

The fund returned positively in July. Duration exposure was the key contributor to the fund's returns amid the downward shift in the INR sovereign curve despite the RBI's hawkish stance. Conversely, credit exposure detracted, particularly from India financials. In addition, currency effect also detracted given the depreciation of the INR against the USD over the month given a strong USD backdrop and India's widening current account deficit. Meanwhile, yield carry continued to contribute to the returns. In terms of the fund's strategy, we remain short in duration as a view in light of the RBI's rate hike cycle. We continue to prefer government bonds, with a focus on the belly amid the sovereign curve's steepness and attractive roll down. We remain constructive on INR corporate bonds and prefer government services names that offer yield pick-up and similar interest rate risk profile against the sovereign bonds. We maintain only a small position in USD denominated bonds as we continue to expect short end of the US treasury yield curve to grind higher in the near to medium term.

### Outlook

The improved global investor sentiment witnessed in the second half of July has boosted the rupee against the US dollar and led to lower India sovereign bond yields in the second half of the month.

Our cautiously optimistic view of the Indian bond market is predicated on the continued impact of the catalysts which drove the market higher in July. Importantly, we need to see a continued stabilization of the oil price, which we believe is likely in an environment of dampened global growth as higher prices and interest rates cool demand. We also need to see a further moderation in inflation, which we expect to see in the second half of this year, led by lower food prices. This should reduce the need for higher interest rates beyond those already discounted by markets, while also bolstering confidence in the central bank. Finally, we must accept that we would need a continued improvement in the global picture, and in particular a more benign inflation outlook, which should eliminate the toxic environment for so much of emerging markets fixed income we have seen so far in 2022.

In July, we saw the virtuous circle which can build quickly if these factors align. A positive outlook for asset markets soon feeds through into confidence in the currency, which not only further burnishes the allure of assets, but also helps to lean down on inflation and lower interest rate expectations. If we see this continue, we should witness much better returns in the second half of 2022 than we saw in the first.

## 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.
- Investment involves risk. Past performance figures shown are not indicative of future performance. Investors should read the prospectus (including the risk warnings) and the product highlights sheets, before investing. Daily price change percentage is based on bid-bid price.

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### Glossary



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Performance is annualised when calculation period is over one year. Net of relevant prevailing sales charge on a single pricing (NAV) basis, calculated on the basis that dividends are reinvested.

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Company Registration No. 198602036R

Should there be any discrepancy, the English version shall prevail. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

## Supplemental information sheet

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann
AC USD	-7.08	0.73	-3.40	-6.25	-5.20	-0.72	0.15
AC USD (Net)*	-9.79	-2.21	-6.22	-8.98	-7.96	-1.70	-0.44
ACSGD SGD	-4.69	0.09	-3.27	-4.12	-3.18	-0.38	0.52
ACSGD SGD (Net)*	-7.46	-2.82	-6.08	-6.91	-6.00	-1.35	-0.07
AD USD	-7.09	0.72	-3.42	-6.27	-5.21	-0.73	0.14
AD USD (Net)*	-9.80	-2.22	-6.24	-9.00	-7.97	-1.70	-0.45
AM2 USD	-7.10	0.73	-3.42	-6.26	-5.21	-0.73	0.14
AM2 USD (Net)*	-9.80	-2.20	-6.23	-8.99	-7.97	-1.70	-0.45
AM3OSGD SGD	-7.18	0.71	-3.45	-6.33	-5.34	-1.10	-0.45
AM3OSGD SGD (Net)*	-9.88	-2.22	-6.26	-9.06	-8.09	-2.07	-1.03

Calendar year performance (%)	2017	2018	2019	2020	2021
AC USD	8.23	-4.54	5.98	6.72	0.78
AC USD (Net)*	5.08	-7.32	2.89	3.61	-2.15
ACSGD SGD	0.12	-2.64	4.54	4.89	2.81
ACSGD SGD (Net)*	-2.80	-5.48	1.50	1.84	-0.18
AD USD	8.23	-4.55	5.96	6.72	0.77
AD USD (Net)*	5.07	-7.33	2.87	3.61	-2.17
AM2 USD	--	-4.54	5.96	6.72	0.78
AM2 USD (Net)*	--	-7.32	2.87	3.61	-2.15
AM3OSGD SGD	--	-5.50	5.10	6.16	0.59
AM3OSGD SGD (Net)*	--	-8.25	2.04	3.07	-2.34

## Supplemental information sheet

Share class	Share Class Base Currency	Distribution Frequency	Dividend ex-date	Last Paid Dividend	Annualised Yield based on ex-dividend date
AC	USD	--	--	--	--
ACSGD	SGD	--	--	--	--
AD	USD	Annually	6 July 2022	0.396744	5.08%
AM2	USD	Monthly	27 July 2022	0.043304	7.49%
AM3OSGD	SGD	Monthly	27 July 2022	0.040931	7.12%

Share class	Inception date	ISIN	Share Class Base Currency	Minimum Initial Investment	NAV per Share	Management fee	Distribution type
AC	20 August 2012	LU0780247804	USD	USD 5,000	13.01	1.100%	Accumulating
ACSGD	3 December 2015	LU1317426903	SGD	USD 5,000	11.61	1.100%	Accumulating
AD	18 January 2013	LU0780247986	USD	USD 5,000	7.85	1.100%	Distributing
AM2	29 June 2017	LU1560771195	USD	USD 5,000	7.25	1.100%	Distributing
AM3OSGD	30 June 2017	LU1560771351	SGD	USD 5,000	7.20	1.100%	Distributing

**Different classes may have different performances, dividend yields and expense ratios. For hedged classes, the effects of hedging will be reflected in the net asset values of such classes. Expenses arising from hedging transactions may be significant and will be borne by the relevant hedged classes. Hedged class performs the required hedging on a best efforts basis.**

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 comprise of distributed income, capital, or both.

The calculation method of annualised yield prior to August 2019 is the simple yield calculation: (dividend amount / NAV per share or units as of ex-dividend date) x n; The calculation method of annualised yield from August 2019 is the compound yield calculation:  $((1 + (\text{dividend amount} / \text{ex-dividend NAV}))^n) - 1$ , 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.

Investors and potential investors should refer to the details on dividend distributions of the Fund, which are available on HSBC Asset Management (Singapore) Limited website.

Source: HSBC Asset Management, data as at 31 July 2022