HSBC Global High Income Bond Fund

Monthly Commentary

Total Return (%)	Fund performance ending			May 31 , 2018		Fund performance ending March 31, 2018	
	1 Month	3 Month	YTD	1 year	Since Inception	1 year	Since Inception
Class A without sales charge	-0.62%	-1.15%	-2.51%	-0.18%	3.03%	2.67%	3.58%
Class A with maximum sales charge (4.75%)	-5.30%	-5.84%	-7.14%	-4.91%	1.30%	-2.17%	1.73%
Class I	-0.49%	-0.98%	-2.30%	0.18%	3.41%	3.11%	3.97%
Benchmark – Bloomberg Barclays High Income Bond Composite Index	-0.45%	-0.83%	-1.98%	1.01%	4.70%	3.94%	5.32%

Past performance is no guarantee of future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance data current to the most recent month-end and other information, please call 1-888-936-4722 or visit https://investorfunds.us.hsbc.com.

Inception date: July 14, 2015. Returns greater than one year are annualized. Returns include the reinvestment of dividends and income. Performance for other share classes will vary. The performance above reflects any fee waivers that have been in effect during the applicable periods as well as any expense reimbursements that have periodically been made. Absent such waivers and reimbursements, returns would have been lower.

Expense Ratio[1]	Class A	Class I
Gross	2.79%	2.44%
Net	1.16%	0.81%

[1] The Funds' investment adviser has entered into a contractual expense limitation agreement with the Funds under which it will limit total expenses of the Funds (excluding interest, tax, brokerage commissions, extraordinary expenses and estimated indirect expenses attributable to the Funds' investments in investment companies) to an annual rate of 1.15% for Class A Shares and 0.80% for Class I Shares. The expense limitation agreement is effective until March 1, 2019.

Performance

- The Global High Income Bond Fund Class A shares returned -0.62% in May, while the benchmark, the Bloomberg Barclays High Income Bond Composite Index returned -0.45%. Class I shares returned -0.49% for the period.

Attribution and Positioning

- The fund delivered negative performance in May on an absolute basis performing in line with the reference benchmark, gross of fees.
- Allocation effects were positive for relative performance overall with an overweight to the US BBB (considered investment grade) sleeve which was the best performing segment and an underweight to the emerging markets (EM) and EUR sleeves, which where the worst-performing segments.
- Issue selection was negative for relative performance with the US BBB and EUR sleeve underperforming their benchmarks while the EM and US BB (considered lower grade credit or commonly referred to as "junk bonds") sleeve outperformed.
- We remain overweight to the US BBB (+9%) and BB (+5%) sleeves which are funded by underweights in the EUR (-5%) and EM (-9%) sleeves.
- Overall portfolio beta is slightly below 1. The fund is 0.2 year underweight duration relative to the benchmark.
- Our overall exposure to energy is 12% which is 2% above the benchmark. This exposure is mainly in USD and EM bonds.
- The fund is overweight financials by 7% above the benchmark weight, predominantly in the US BBB and EUR sleeves. The main sector underweights remain Telecommunications and Retail.

Market Review

- Markets were choppy in May as investors had to reconcile still-solid global growth and a strong corporate earnings picture with geopolitical risks, trade tensions and country-specific issues in Europe and EM, which caused market volatility over the month.

- US Treasuries rose as yields fell across the curve with the 2-, 5-, 10- and 30-year yields dropping 6, 10, 9 and 10 basis points (bps) to 2.43%, 2.70%, 2.86% and 3.03%, respectively.

- Oil saw some volatility in May with falling inventories, decreasing Venezuelan production and geopolitical concerns surrounding Iran on one hand and indications of increased production from Organization if the Petroleum Exporting Countries (OPEC) and Russia on the other. Brent Crude finished the month at $77.59 after hitting a high of $79.80 having started the month at $75.17 per barrel.

- In the US, policy rates were kept on hold as the Federal Reserve (Fed) restated its symmetric inflation target. The latest first quarter (Q1) GDP growth was 2.2% quarter-on-quarter (qoq), annualized, below the prior Q1 estimate 2.5% but staying in line with 2017's growth rate.

- In Europe, data continued to moderate with the Purchasing Managers Index (PMI) falling to 54.1 but remaining consistent with growth of 0.4% qoq. However, some one-off factors may still be holding back growth. With UK core inflation falling to 2.1% in April the Bank of England (BoE) may find it difficult to raise rates again this year if the rate falls below 2% over the summer.

- Economic growth in China remains strong despite external uncertainties. Policy is likely to become less restrictive and should be on course for further opening up of the economy and financial sector. In Japan, Consumer Price Index inflation should remain below target, strengthening the Bank of Japan's case to remain within their current policy framework.

- The monthly total return for the Bloomberg Barclays Global High Yield USD Hedged Index was -0.84%. Regionally, US, EUR and EM spreads widened 17 bps, 68bps and 76bps, respectively. The best performing high yield (HY) sectors were Consumer Non-Cyclicals and Energy while banking and natural gas were the worst performing. From a ratings perspective, lower-rated bonds outperformed higher-rated bonds. US HY new issue supply came in at $15.2 billion in May while Euro HY new issue supply was €3.9 billion.

- Monthly total returns for the Bloomberg Barclays Global Agg Corporates USD Hedged Index was 0.34%. Regionally, US, EUR, Sterling and EM spreads widened 8, 26, 17 and 16bps, respectively. The best-performing investment grade (IG) sectors were Technology and Consumer Non-Cyclicals while Insurance and Communications were the worst-performing sectors. From a ratings perspective, higher-rated bonds outperformed lower-rated bonds. US IG new issue supply was $91 billion issued for May. Euro and Sterling IG new issuance in May was €42.7 billion and £2.3 billion, respectively.

Outlook

- While still solid, global economic growth has moderated in the first few months of 2018. In particular, the Eurozone, UK and Japanese economies have shown signs of having hit a soft patch in Q1. However, this appears to be temporary as growth seems to remain largely on trend.

- While the US administration's protectionist stance is initially expected to have a minimal impact on growth, the situation warrants continued monitoring as negotiations with trading partners continue. We still view the balance of risks tilted towards the gradual build-up of cyclical inflation pressures. This is especially relevant to the US which continues to add jobs at a healthy pace and is operating with little, or no, spare capacity.

- Despite the recent pick-up in volatility the current macro environment remains supportive for credit and the continued expectation of global growth in 2018 should allow credit metrics to improve further. Despite weaker balance sheets across some sectors, globally, credit fundamentals have been stabilizing and default rates remain low. Most corporate markets remain moderately expensive, but global growth has been supportive for current spread levels.

- Globally, corporate spreads are compressed and likely to remain so for the foreseeable future. US IG and HY spreads may be more volatile given fuller valuations. In Europe, we expect IG spreads to be relatively stable while HY yields look more stretched in the current global context although less so after May's widening.

Risks to Consider

- There is no assurance that a portfolio will achieve its investment objective or will work under all market conditions. The value of investments may go down as well as up and you may not get back the amount originally invested. Portfolios may be subject to certain additional risks, which should be considered carefully along with their investment objectives and fees.
- Past performance is no guarantee of future results
- Fixed income is subject to credit and interest rate risk. Credit risk refers to the ability of an issuer to make timely payments of interest and principal. Interest rate risk refers to fluctuations in the value of a fixed income security that result from changes in the general level of interest rates. In a declining interest rate environment, a portfolio may generate less income. In a rising interest-rate environment, bond prices fall.
- Investments in high yield securities (commonly referred to as "junk bonds") are often considered speculative investments and have significantly higher credit risk than investment grade securities. The prices of high yield securities, which may be less liquid than higher rated securities, may be more volatile and more vulnerable to adverse market, economic or political conditions.
- Investment grade fixed income securities are securities that are rated by one or more NRSROs within one of the four highest long-term quality grades at the time of purchase (*e.g.*, "AAA", "AA", "A" or "BBB" by S&P or Fitch or "Aaa", "Aa", "A" or "Baa" by Moody).
- Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets.
- Convertibles are subject to the risks of equity securities when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the conversion feature); they are subject to the risks of debt instruments when the underlying stock price is low relative to the conversion price (because the conversion feature is less valuable). A convertible bond is not as sensitive to interest rate changes as a similar non-convertible debt instrument, and generally has less potential for gain or loss than the underlying equity security.
- Derivatives can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on performance.
- Non-diversification occurs when portfolio assets are invested in fewer securities, industries, currencies or countries than in diversified investment portfolios, Non-diversification increases risk because each investment has a greater effect on portfolio performance and can also be affected by single economic, political or regulatory occurrences.

Benchmark

Bloomberg Barclays High Income Bond Composite Index is a customized index that is close to equally weighted across US, Euro and EM markets. Components include: Bloomberg 20% Barclays US Corporate Baa, 15% Bloomberg Barclays US High Yield Ba, 15% Bloomberg Barclays Euro Agg Corporate Baa USD Hedged, 15% Bloomberg Barclays Euro HY BB Rating Only USD Hedged, and 35% Bloomberg Barclays EM USD Aggregate Index.

Important Information

This document is for information only and does not constitute investment advice, a solicitation or a recommendation to buy, sell or subscribe to any investment. It is not intended to provide and should not be relied upon for accounting, legal or tax advice.

HSBC Global Asset Management is the marketing name for the asset management businesses of HSBC Holdings Plc. HSBC Global Asset Management (USA) Inc. is an investment adviser registered with the US Securities and Exchange Commission.

HSBC Global Asset Management (USA) Inc. serves as the investment adviser to the HSBC Funds. Foreside Distribution Services, L.P., member FINRA, is the distributor of the HSBC Funds and is not affiliated with the adviser. HSBC Securities (USA) Inc., member NYSE, FINRA and SIPC, is a sub-distributor of the HSBC Funds. Affiliates of HSBC Global Asset Management (USA) Inc. may receive fees for providing various services to the funds. Unless and until HSBC Global Asset Management (USA) Inc. and you have entered into an investment management agreement, HSBC Global Asset Management (USA) Inc. is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to you, or to any retirement account(s) for which you act as a fiduciary.

HSBC Global Asset Management has based this material on information obtained from sources it believes to be reliable but which it has not independently verified. HSBC Global Asset Management and HSBC Group accept no responsibility as to its accuracy or completeness. The views expressed were held at the time of preparation and are subject to change without notice. Forecasts, projections or targets are indicative only and are not guaranteed in any way. HSBC Global Asset Management accepts no liability for any failure to meet such forecasts, projections or targets. Index returns assume reinvestment of all distributions and not reflect fees or expenses. You cannot invest directly in an index.

Investors should consider the investment objectives, risks, charges, and expenses of the investment company carefully before investing. The prospectus contains this and other important information about the investment company. For clients of HSBC Securities (USA) Inc., please call 1-888-525-5757 for more information. For other investors and prospective investors, please call the Funds directly at 1-800-782-8183 or visit our website at https://investorfunds.us.hsbc.com/default.fs. Investors should read the prospectus carefully before investing or sending money.

US persons (both entities and individuals) are subject to US taxation on their worldwide income and may be subject to tax and other filing obligations with respect to their US and non-US accounts. The Foreign Account Tax Compliance Act (FATCA) is a US law designed to prevent the use of non-US accounts or non-US entities to avoid US taxation of income and assets. To meet this objective, FATCA imposes on US and non-US entities certain documentation, due diligence, withholding and reporting requirements with respect to accounts and certain payments. Investors should consult their independent tax advisors about investment tax implications.

 CA#20180619 – 140114 – 18-06-72