HSBC Global High Income Bond Fund

Monthly Commentary

Total Return (%)	Fund performance ending			August 31, 2018			Fund performance ending June 30, 2018	
	1 Month	3 Month	YTD	1 year	3 Years	Since Inception	1 year	Since Inception
Class A without sales charge	-0.33%	0.60%	-1.92%	-0.91%	3.55%	2.99%	-0.63%	2.82%
Class A with maximum sales charge (4.75%)	-5.05%	-4.18%	-6.58%	-5.64%	1.89%	1.39%	-5.34%	1.14%
Class I	-0.21%	0.69%	-1.63%	-0.58%	3.94%	3.36%	-0.33%	3.17%
Benchmark – Bloomberg Barclays High Income Bond Composite Index	-0.27%	0.66%	-1.33%	-0.16%	4.97%	4.54%	0.53%	4.43%

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.

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

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.

[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 -0.33% in August, while the benchmark, the Bloomberg Barclays High Income Bond Composite Index returned -0.27%. Class I shares returned -0.21% for the period.

Attribution and Positioning

- The Fund delivered negative performance on an absolute basis but outperformed its reference benchmark in August gross of fees.
- Allocation effects were positive for relative performance with an underweight to emerging markets (EM) and EUR and overweight to US BBB (considered investment grade) and US high yield (HY) as US bonds outperformed EUR and EM bonds.
- Security selection was negative for relative performance with all sleeves underperforming their respective benchmarks except the US BB (considered lower grade credit or commonly referred to as "junk bonds") sleeve, which outperformed its benchmark.
- Regionally, the Fund is overweight the US sleeve at the expense of EUR and EM sleeves. The overall portfolio beta is close to 1. The duration is 0.32 years below the benchmark
- Our overall exposure to energy is 13% which is 3% above the benchmark's exposure. 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

- Credit markets saw spreads widen in August, a shift in investor sentiment from the rally in July that resulted from increased trade tensions and concerns surrounding EM.

- The US Treasury curve flattened slightly with yields falling 4, 7, 11 and 10 basis points (bps) for the 2-, 3-, 5- and 10-year, respectively, finishing the month at 2.63%, 2.69%, 2.74% and 3.86%.

- Brent Crude continued to rally and finished the month at $77.42 per barrel having started the month at $74.52 per barrel.

- In the US, the Federal Reserve's (Fed) Chair Jerome Powell emphasized the importance of focusing on a more gradual tightening policy amid signs of economic overheating. Inflation should remain close to the Fed's 2% target and economic activity is over 3%. The consumer price index and personal consumption expenditures fell in line with expectations at 2.4% and 2.0% year-on-year, respectively.

- In Europe, growth has continued to stabilize reflecting strong GDP potential. Second quarter GDP growth was increased from 0.3% quarter-on-quarter to 0.4%. the Bank of England (BoE) hiked rates in August and there were indications for further hikes through 2019. Wage growth and Brexit movements will be key indicators of the Bank's tightening potential.

- In China, policymakers have made efforts to promote short-term growth. This coupled with stability should help investor sentiment. The Bank of Japan (BoJ) continued its efforts to decrease tight monetary policy by increasing flexible market operations. The BoJ also downgraded inflation forecasts.

- The monthly total return for the ICE BofAML Global High Yield Index USD Hedged Index was -0.02%. Regionally, US, EUR and EM spreads widened 3 bps, 16 bps and 89 bps, respectively. The best-performing sectors in HY were consumer products, capital goods and transportation, while retail, food and automotive were the worst performers. From a ratings perspective, CCCs outperformed BBs, which outperformed B-rated bonds. US HY new issue supply came in at $16.7 billion in August while EUR HY new issue supply was €0.5 billion issued.

- Monthly total return for the Bloomberg Barclays Global Agg Corporates USD Hedged Index was 0.46%. Regionally, US, EUR and EM spreads widened 5, 9 and 10 bps, respectively, while Sterling tightened 1 bp. The best-performing investment grade (IG) sectors were utilities and financials, while the worst-performing sectors were transportation and consumer cyclicals. From a ratings perspective, AA-rated bonds outperformed AAA and single A and BBBs was the worst performing segment. US IG new issue supply was $70.8 billion issued for August. EUR and Sterling IG new issuance in August was €36.8 billion and £1.4 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 the first quarter. 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 toward the gradual build-up of cyclical inflation pressures. This is especially relevant in 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, credit fundamentals, globally, 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: 20% Bloomberg 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.

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