HSBC Global High Yield Bond Fund
Monthly Commentary

Total Return (%)	Fund performance ending			February 28, 2018		Fund performance ending December 31, 2017	
	1 Month	3 Month	YTD	1 Year	Since Inception	1 Year	Since Inception
Class A without sales charge	-1.15%	-0.32%	-0.57%	3.49%	4.46%	6.57%	5.00%
Class A with maximum sales charge (4.75%)	-5.88%	-5.07%	-5.34%	-1.41%	2.54%	1.53%	2.94%
Class I	-1.12%	-0.24%	-0.52%	3.84%	4.83%	6.89%	5.38%
Benchmark – ICE BofA Merrill Lynch BB-B Global High Yield Constrained (USD hedged) Index	-0.83%	-0.10%	-0.34%	4.72%	6.26%	7.77%	6.82%

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	2.66%	2.31%
Net	1.18%	0.83%

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, 2018.

Performance

- The Global High Yield Bond Fund Class A shares returned -1.15% in February, while its benchmark, the ICE BofA Merrill Lynch BB-B Global High Yield Constrained Index, returned -0.83%. Class I shares returned -1.12% for the period.

Attribution and Positioning

- The fund delivered negative performance on an absolute basis and underperformed the reference benchmark in February gross of fees.
- Overall, the regional allocation detracted from relative performance. The underweight to EUR and emerging markets (EM) bonds and the overweight to US bonds was a drag on performance as EUR and EM bonds outperformed US bonds over the month.
- Issue selection was a drag on performance with all three sleeves underperforming their respective benchmarks.
- The fund is underweight BB (considered lower grade credit or commonly referred to as "junk bonds") and higher-B rated bonds and overweight BBB (considered investment grade) and CCC rated bonds. The CCC exposure is largely in more defensive industries and in companies with improving fundamentals.
- Regionally, the fund is overweight the US sleeve at the expense of the EUR and EM sleeves. The US, EUR and EM sleeve weights are 70%, 16% and 14%, respectively.
- Within the EM sleeve, the fund remains defensively positioned.
- The overall beta of the fund remains just under 1, reflecting our overall "fair value" view. The duration is about 0.3 years below the benchmark's.
- The Energy exposure is 15%, which is 3% above the benchmark with a continued overweight in Midstream and Refining and underweight in Exploration & Production and oil field services. The fund is also overweight Health Care by 3%.
- The fund is underweight Telecommunications, Retail and Capital Goods at about 3% each below the benchmark weight.

HSBC Global Asset Management

Market Review

- Global risk assets were jolted in February as a fear of greater-than-expected inflation caused volatility in a market characterized by already-elevated valuations. Markets recovered during the month but continued to experience volatility.
- Credit spreads widened across regions and credit quality while investment grade (IG) underperformed HY, with the exception of EUR IG, on a total return basis with the continued upward movement in rates over the month. US Treasuries saw a continued rise in yields across the curve with the 2-, 5- and 10-year rising 11, 12 and 16 basis points (bps) to 2.25%, 2.64% and 2.86%, respectively. Oil saw some intermonth volatility with Brent Crude moving from a high of $69.7 per barrel to a low of $62.6 before settling at $65.8.
- In the US, the president signed the Bipartisan Budget Act of 2018, increasing spending caps for both defense and non-defense. The new Federal Reserve (Fed) Chair Jay Powell testified before Congress and reaffirmed the Fed's gradual approach to raising rates and shrinking its balance sheet. Economic data showed stronger-than-expected wage growth and core Consumer Purchasing Index (CPI) in January while retail sales fell. Consumer confidence remains at elevated levels.
- Eurozone macro-economic momentum is likely to remain strong in 2018 and minutes from the European Central Bank's (ECB) January policy meeting revealed that the policy stance could be revised early in the year as the ECB looks to normalize its monetary policy.
- In China, economic data showed some softening amid relatively tight credit conditions, a financial regulatory crackdown and an environmental protection campaign. In Japan the reappointment of Kuroda as Bank of Japan (BoJ) Governor for a second 5-year term should mean no change to the policy stance.
- The monthly total return for the Bloomberg Barclays Global High Yield USD Hedged Index was -0.96%. Regionally, US, EUR and EM HY spreads widened 18 bps, 300 bps and 20 bps, respectively. The best performing HY sectors were Financials and Transportation while Energy, Capital Goods and Basic Industry were the worst performing. From a ratings perspective CCC bonds outperformed BB which in turn outperformed B rated bonds. US HY new issue supply came in at $12 billion in February while Euro HY new issue supply was €3 billion issued.
- Monthly total returns for the Bloomberg Barclays Global Agg Corporates USD Hedged Index was -0.98%. Regionally, US, EUR, Sterling and EM IG spreads widened 10 bps, 6 bps, 16 bps and 11 bps, respectively. The best-performing IG sectors were Utilities, REITS and other Financials while Energy, Electric Utilities and consumer non-cyclical were the worst-performing sectors. From a ratings perspective, AA and A outperformed BBB which in turn outperformed AAA rated credits. US IG new issue supply was $109 billion for February. Euro and Sterling IG new issuance in February were €35 billion and £2 billion, respectively.

Outlook

- Global economic activity is expected to remain strong. While tax reform and fiscal stimulus could be positive for corporate credit it could lead to a swifter tightening path. The Fed is expected to continue its normalization path in 2018 with the potential for three additional rate hikes as well as the continued reduction in its balance sheet.
- In Europe, the pick-up in growth is expected to continue. The ECB and Bank of England (BoE) corporate bond-buying programs remain supportive and the ECB has signaled its intention to maintain low policy rates going forward despite a potential decrease in bond buying.
- 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. Although there are weaker balance sheets across some sectors, globally, credit fundamentals have been stabilizing and default rates are low. Most corporate markets are moderately expensive, but global growth has been supportive for current spread levels.
- Globally, corporate spreads are compressed and are 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 a global context.

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).
- Asset-backed securities (ABS) are bonds that are created from various types of consumer debt. They are subject to additional risks such as prepayment risk, liquidity risk, default risk and adverse economic developments.
- 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

BofA Merrill Lynch BB-B Global High Yield Constrained Index tracks the performance of USD, CAD, GBP and EUR denominated below investment-grade corporate debt publicly issued in the major domestic or eurobond markets.

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 CA#20180321 – 151955 – 18-03-161