HSBC Global High Yield Bond Fund

Monthly Commentary

Total Return (%)	Fund performance ending			November 30, 2017		Fund performance ending September 30, 2017	
	1 Month	3 Month	YTD	1 Year	Since Inception	1 Year	Since Inception
Class A without sales charge	-0.26%	1.1%	6.30%	8.02%	5.07%	6.98%	5.29%
Class A with maximum sales charge (4.75%)	-5.00%	-3.74%	1.28%	2.89%	2.94%	1.88%	2.99%
Class I	-0.15%	1.18%	6.59%	8.32%	5.45%	7.34%	5.66%
Benchmark – BofA Merrill Lynch BB-B Global High Yield Constrained (USD hedged) Index	-0.17%	1.19%	7.52%	9.30%	6.97%	8.40%	7.29%

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	1.97%	1.62%
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 -0.26% in November, while its benchmark, the BofA Merrill Lynch BB-B Global High Yield Constrained Index, returned -0.17%. Class I shares returned -0.15% for the period.

Attribution and Positioning

- The fund delivered negative performance on an absolute basis but outperformed the reference benchmark in November gross of fees.
- Overall the regional allocation added to relative performance. The underweight to the emerging markets (EM) sleeve added to relative performance as EM bonds were the worst performing asset class. The overweight to USD bonds was a drag on performance with USD bonds underperforming EUR bonds.
- Issue selection was positive overall as all three sleeves outperformed their benchmarks over the month.
- 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 close to 1, reflecting our overall "fair value" view. The duration is about 0.3 years below the benchmark.
- The energy exposure is 16%, which is 3% above the benchmark's, with a continued overweight in Midstream and Refining and underweight in Oil Field Services.
- The fund is underweight Financials and Telecom at 4% and 3%, respectively, below the benchmark weight.

HSBC Global Asset Management

Market Review

- Credit spreads saw some volatility in November, widening in the first couple of weeks due to idiosyncratic issuer and sector news before rallying back in the second half of the month.
- Despite some intra-month volatility, the overall macroeconomic backdrop continued to be supportive for credit.
- The US Treasury curve flattened as yields rose on the short-end with 2-year returns rising 18 basis points (bps) to 1.78% and 10-year returns rising 3 bps ending up at 2.41%. However, the 30-year fell 5 bps to 2.83.
- Oil continued to rally over the month moving from $54.38/barrel to a high of $58.95/barrel before finishing at $57.40/barrel on hopes of an extension to OPEC's output cut.
- In the US, third quarter (Q3) GDP was revised up to 3.3% quarter-on-quarter (qoq) vs 3.0% in the previous release while the US House of Representatives (House) passed its draft tax bill, a further step towards US tax reform. Given the generally positive data over the month the probability of a December rate hike by the US Federal Reserve (Fed) rose.
- Eurozone economic data was strong with Q3 Eurozone GDP growth at 0.6% qoq and 2017 growth now expected to reach a decade high. Core Consumer Purchasing Index inflation remains weak however, and the European Central Bank (ECB) is likely to maintain its dovish stance in 2018.
- China continued to focus on containing financial risks with property tightening policies, while in Japan, GDP continued to rise in Q3 and the Bank of Japan (BoJ) hinted at an earlier-than-expected adjustment of their quantitative easing (QE) program.
- The monthly total return for the Bloomberg Barclays Global High Yield USD Hedged Index was -0.34%. Regionally, US and EUR spreads widened 10 bps and 34 bps, respectively, while EM high yield (HY) spreads tightened 13 bps.
- The best-performing sectors were Supermarkets, Electric and Power, while Wireless, Consumer Products and Cable Satellite were the worst performing.
- From a ratings perspective, BB's outperformed lower-rated credits.
- USD HY new issue supply came in at $27 billion. Euro HY new issue supply fell in October with €7 billion issued.
- Monthly total returns for the Bloomberg Barclays Global Agg Corporates USD Hedged Index was
- -0.07%. Regionally, US and Sterling corporate spreads widened out 1 bps and 3 bps, respectively, while EUR spreads were unchanged and EM investment grade (IG) corporate spreads tightened 4 bps.
- The best-performing IG sectors were Metals and Mining, Supermarkets and Packaging, while the worst-performing sectors were Oil Field Services, Midstream and Cable Satellite.
- From a ratings perspective, AAA's were the best performers while AA's underperformed A's and BBB's.
- US IG new issue supply continued to be strong in November with $117 billion issued. Euro IG new issue supply rose in November to €55 billion, while Sterling IG new issue supply remained at £6.0 billion issued.

Outlook

- US economic activity is expected to remain steady. Despite the recent passing by the House of the draft tax bill, the US policy outlook still remains uncertain. If passed by the Senate as well, tax reform and fiscal stimulus could be positive for corporate credit but 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 continued reduction its balance sheet.
- In Europe, the pickup 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.
- Overall, the current macroeconomic environment remains supportive for credit. Despite weaker balance sheets across some sectors, credit fundamentals globally have been stabilizing and default rates are low.
- Most corporate markets are moderately expensive but modest 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 Euro, 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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