HSBC Global High Income Bond

Class A: HBIAX
Class I : HBIIX

Fund overview

Second Quarter 2018

A multi-sector crossover fund for rising rate environments

The fund seeks steady income and attractive risk-adjusted returns by exploiting misunderstood and mispriced US and international corporate debt. Leveraging HSBC's global trading capabilities, the fund aims to capitalize on lesser-known opportunities in three core regional sleeves – US credit, Euro credit and emerging markets (EM) debt. The fund aims to capture high risk-adjusted returns, while adhering strict risk budgets and controls.

We developed a customized benchmark to expand and diversify the investment grade opportunity set globally, while improving the fund's risk return profile and Sharpe ratio

Targeting consistent high income with controlled volatility

1 **Attractive risk/reward profile.** HSBC's relative value focus specializes in uncovering value from misunderstood US and international corporate debt. The fund targets higher risk-adjusted returns than the benchmark through careful portfolio construction, risk budgeting and risk measurement.

2 **Global diversification using a sleeve structure**. The lead portfolio manager allocates assets across multiple regional sleeves (US/EUR/EM). This structure captures different yield, quality, duration and volatility characteristics of the global opportunity set.

3 **Research-driven, risk-focused.** The HSBC global credit platform leverages the company's geographic reach and gives the lead portfolio manager direct access to experienced teams of portfolio managers and credit research analysts around the world. Identifying, pricing and combining risks is also at the core of our investment approach.

Portfolio management

Jerry Samet

- Senior Portfolio Manager
- Joined HSBC in 2016
- 30 years industry experience

As lead portfolio manager, Mr. Samet directs the top-down allocation for the strategy and the overall management of key investment decisions and risks. Mr. Samet also manages the US credit sleeve.

Key characteristics*

Vehicle	Inception	AUM
Fund	Jul 2015	$27.1M
Strategy	Jul 2015	$1.5bn

Expense Ratio[1]
AC: 1.15% IC: 0.80%

Benchmark is a customized index close to equally weighted across US, Euro and EM markets:
•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
•35% Bloomberg Barclays EM USD Aggregate Index

Invests primarily in BBB and BB rated corporate bonds and may invest in securitized debt

Global holdings are managed in regional investment sleeves (US credit/Euro credit/EM/ABS)

The strategy is USD hedged, with an ability to take up to 10% non-USD exposure[2]

**Source: HSBC Global Asset Management as of 30 June 2018.*
[1]Annualized prospectus expense ratio as stated in the February 28, 2018 prospectus.
[2]EM local currency exposure is managed with an internal limit of 10% of the strategy assets.

HSBC Global Asset Management

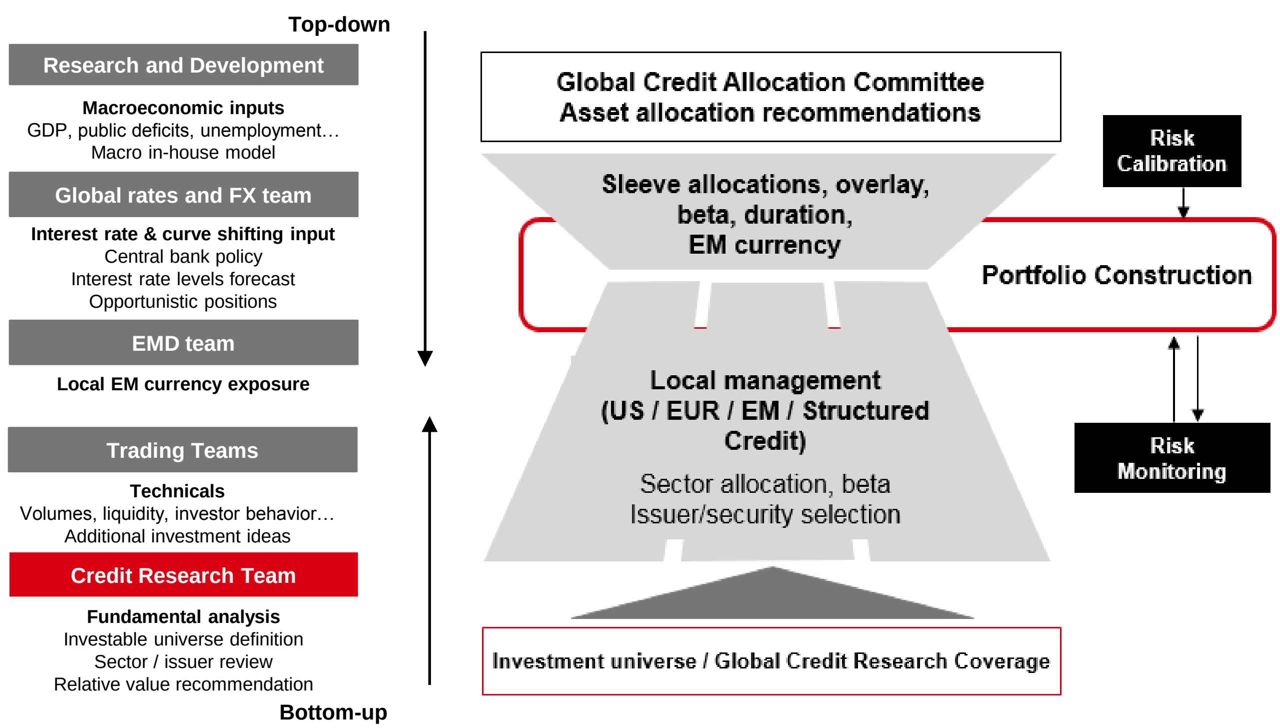
Portfolio Construction and Implementation

- **Dynamic top-down and bottom-up investment process** integrates a lead portfolio manager with global teams of analysts and portfolio managers. This structure supports a continuous exchange of investment data and expertise necessary to capture expanding global credit opportunities.
- **In-depth research.** Our global research teams provide top-down macroeconomic inputs, interest rate research and forecasting. The fund is further supported by 40+ locally-based credit researchers that provide fundamental, relative value analytics and sector/issuer review.
- **The lead portfolio manager** spearheads portfolio construction and risk management by leveraging local and global research and insights, tactically allocating assets and managing duration and beta targets.
- **Sleeve management**. Holdings are subdivided into sleeves according to region and credit quality (US/EUR/EM/ABS).

Target sources of excess return

Issuer selection	50%
Regional selection	15%
Credit allocation	15%
Sector selection (within sleeves)	10%
Duration	10%

Investment Process



HSBC Global Asset Management*

Global credit leadership with distinguished team of portfolio managers averaging over 20 years of experience
Global structure fosters exchange between portfolio managers, credit analysts and global research
Fully-resourced global credit research platform is the backbone to our highly disciplined investment framework
US$189.4bn in fixed income assets
US$15.9bn in global credit assets

**Source: HSBC Global Asset Management as of 30 June 2018.*

Key Risks

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.

- **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.
- **High Yield** 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.
- **Foreign and emerging markets** 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.
- **Derivative instruments** Derivatives can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on performance.
- **Default Risk** The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- **Emerging Markets Risk** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- **Exchange Rate Risk** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- **Interest Rate Risk** When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.
- **Investment Leverage Risk** 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.
- **CoCo Bond Risk** Contingent convertible securities (CoCo bonds) are comparatively untested, their income payments may be cancelled or suspended, and they are more vulnerable to losses than equities and can be highly volatile.
- **Counterparty Risk** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- **Credit Risk** A bond or money market security could lose value if the issuer's financial health deteriorates.
- **Liquidity Risk** is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- **Operational Risk** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.

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