

# HSBC Global High Yield Bond

Fourth Quarter 2017

Fund Overview

Class A: HBYAX

Class I: HBYIX

## Attractive return potential in a global high yield environment

This actively managed strategy aims to maximize total return through specialized credit selection and top-down strategic positioning. With a portfolio of 200+ non-investment grade bonds, the fund offers exposure to a broad range of sectors in global credit markets. At least 80% of net assets are invested in a globally diversified portfolio of high yield securities in the US, Europe and emerging markets. The fund invests predominantly in BB and B (considered lower grade credit or commonly referred to as 'junk bonds') rated corporate bonds with the flexibility to invest in investment grade or CCC rated bonds opportunistically.<sup>1</sup>

## Seeks optimal global high yield return for the least risk

- 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 3 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.

## Performance drivers

Investment success in the global credit markets relies on strict issuer selection, valuation discipline and risk and liquidity management.

### Target sources of excess return

Issuer selection	50%	The main driver of performance is issuer selection.
Regional selection	15%	Research insights are guided by 40+ credit research analysts.
Credit allocation	15%	
Sector selection (within sleeves)	10%	
Duration	10%	

Source: HSBC Global Asset Management.

<sup>1</sup>Based on Bloomberg Barclays rating methodology.

<sup>2</sup>Annualized prospectus expense ratio as stated in the February 28, 2017 prospectus.

<sup>3</sup>EM local currency exposure is managed with an internal limit of 10% of the strategy assets.

### Investment products:

ARE NOT A BANK DEPOSIT OR OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES	ARE NOT FDIC INSURED	ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES	MAY LOSE VALUE
---	----------------------	--	---	----------------

All decisions regarding the tax implications of your investment(s) should be made in connection with your independent tax advisor.

## Portfolio Management



### Mary Bowers

Lead Portfolio Manager

- Senior Portfolio Manager
- Joined HSBC in 2013
- 16 years industry experience

As lead portfolio manager, Ms. Bowers directs the top-down allocation to each regional sleeve and the overall management of key investment decisions and risk. Ms. Bowers also manages the US credit sleeve.

## Key Characteristics\*

Vehicle	Inception	AUM
Fund	Jul 2015	\$30M
Strategy	Jul 2012	\$2.6bn

### Expense Ratio<sup>2</sup>

Class A: 1.18% Class I: 0.83%

Benchmark: BofA Merrill Lynch BB-B Global High Yield Constrained (USD hedged) Index

Primarily invests in BB and B rated corporate bonds

Global holdings are managed in 3 regional investment sleeves (US/EUR/EM)

Issuer exposure is limited to 4%

The strategy is USD hedged, with an ability to take up to 10% non-USD exposure<sup>3</sup>

\*AUM figures as of December 31, 2017.

## 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 \$192.9bn in fixed income assets

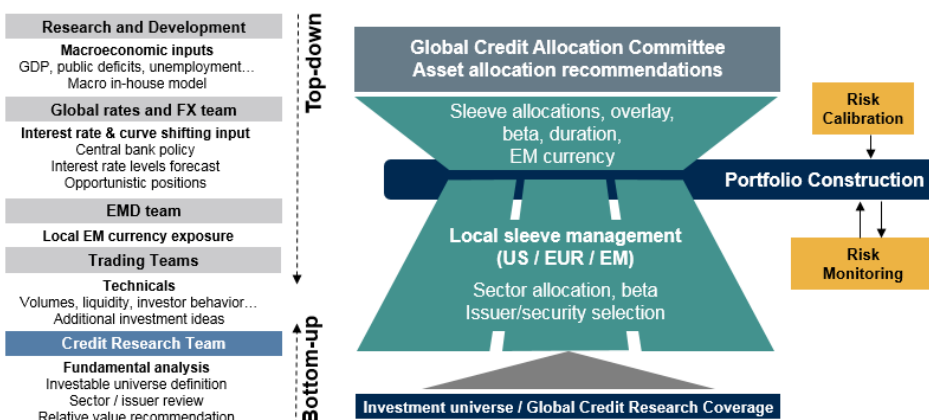
\*AUM figures as of December 31, 2017.

**HSBC**   
Global Asset Management

## Portfolio Construction and Implementation

## Investment Process

- **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 3 regional sleeves (US/EUR/EM).



Source: HSBC Global Asset Management

## 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.

## Important Information

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.

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 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. 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.

Portfolio characteristics, including position sizes and sector allocations, among others, are generally averages, are only for illustrative purposes, and do not reflect the investments of an actual portfolio unless otherwise noted. The investment guidelines of an actual portfolio may permit or restrict investments that are materially different in size, nature and risk from those shown.

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.

Statistical information pertaining to HSBC Global Asset Management personnel or assets may be aggregated. Assets under management may include assets managed by affiliates of HSBC Global Asset Management, which may provide advice in the form of portfolio construction, sector allocations and / or stock recommendations.

The **BofA Merrill Lynch Global High Yield BB-B Constrained Index** contains all securities in The BofA Merrill Lynch Global High Yield Index rated BB and B, but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. **Source BofA Merrill Lynch**, used with permission. BOFA MERRILL LYNCH IS LICENSING THE BOFA MERRILL LYNCH INDICES “AS IS.” MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE BOFA MERRILL LYNCH INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THEIR USE, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND HSBC GLOBAL ASSET MANAGEMENT, OR ANY OF ITS PRODUCTS OR SERVICES.

**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.

The contents of this document are confidential and may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose without prior written permission.