

HSBC Global Investment Funds

Singapore Dollar Income Bond Fund



HSBC
Global Asset
Management

Introducing the HSBC Singapore Dollar Income Bond Fund

Retail customers want to grow their savings faster than the average savings rate but in a way that's risk aware and diversified, getting access to growth opportunities with relatively low downside exposure.

The HSBC Singapore Dollar Income Bond Fund provides exactly that:

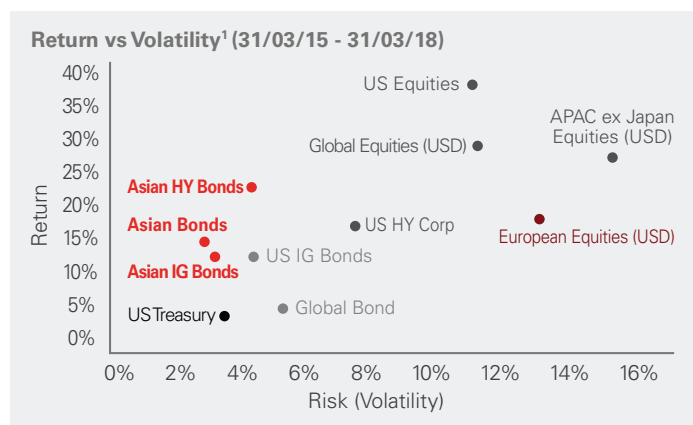
- ◆ **Low volatility** – Low duration, high credit quality and conservative dividend policy aiming to avoid capital erosion
- ◆ **Attractive yield** – Aiming to enhance return through investing in a diversified universe
- ◆ **Award-winning investment team** – Managing SGD bonds for over 20 years, we have over USD 82bn assets under management in Asian fixed income as at 31/03/18. We know the Asian region inside out.

- ◆ **Regular SGD income** – Pays monthly income in one of Asia's most robust currencies

The HSBC Singapore Dollar Income Bond Fund enables customers to invest in bonds from Singapore and all over Asia Pacific, including China, Hong Kong, Australia and Indonesia, riding on the robustness of the SGD and Asia's excellent macroeconomic fundamentals. The result is a well-diversified product brought to you by one of the largest players in Asian fixed income globally.

Given the low correlation of Asian credit and other major asset classes, the fund can be a core addition to any investment portfolio.

Asian issuers have consistently displayed a superior risk reward compared to their global peers



The fund is fully hedged to the SGD, making it ideal for investors for whom SGD is their primary currency. It also participates very strongly in the Singapore dollar bond market, enabling investors to enjoy direct exposure to one of Asia's most prominent, open and stable markets.

Investment grade				Non-investment grade			
	Yield to maturity(%) ²	Duration (years)	Credit rating ³		Yield to maturity(%) ²	Duration (years)	Credit rating ³
Asia	4.60	4.28	A3	Asia	7.48	3.49	B1
US	4.13	7.13	A3	US	6.80	3.93	BB
Europe	0.98	5.22	A3	Europe	3.34	3.88	Ba3
EM	4.68	5.22	Baa1	EM	6.99	4.22	Ba3

Smooth performance - SGD Corporate Bond Index⁴

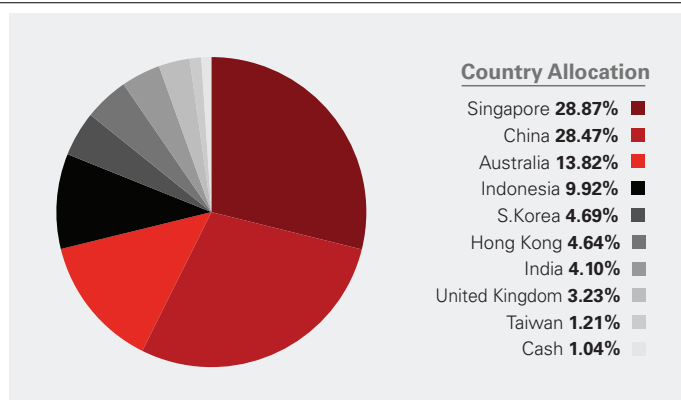


¹Returns and volatility were calculated based on USD. Investment involves risks. Past performance is not indicative of future performance. ²Yields are expressed in USD for Asia, US and EM. For Europe yields are expressed in EUR. ³Credit ratings: Based on Moody's ratings. For Asia and EM, their respective Merrill Lynch ratings have been converted to Moody's equivalent ratings for consistency purpose. ⁴Bloomberg, 5 year data as of 29 December 2017. **Source:** Europe indices: Merrill Lynch Euro Corporate & High Yield Index; Asia indices: JP Morgan JACI Investment Grade & High Yield Corporate Index. EM index: JP Morgan Corporate EMBI Broad Index; US indices: JP Morgan JULI index, JP Morgan Domestic HY index. Data taken from the period of 31 March 2015 to 31 March 2018. Volatility based on annualised yield volatility over the past three years. Source: Bloomberg; JP Morgan; Barclays; HSBC Global Asset Management; data as of 27 March 2018. For illustrative purpose only and does not constitute investment advice. Distributions are not guaranteed and may be paid out of distributable income, capital or both. Distributions paid out of capital could result in capital erosion and reduction in net asset value. Past payout yields and payments do not represent future payout yields and payments. A positive distribution yield does not imply a positive return.

Key features of the fund

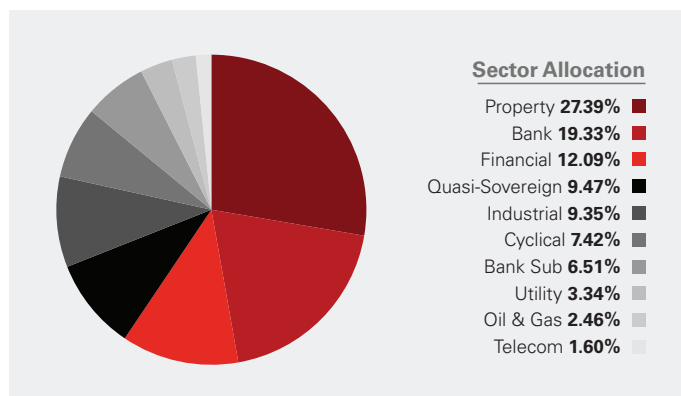
Focus on Asian and Singapore bond market

- ◆ Highly diversified and balanced allocation covering a wide range of Asia Pacific countries among which a key focus is on Singapore
- ◆ ~51% exposure to SGD denominated bonds
- ◆ ~49% exposure to non-SGD denominated bonds hedged to SGD



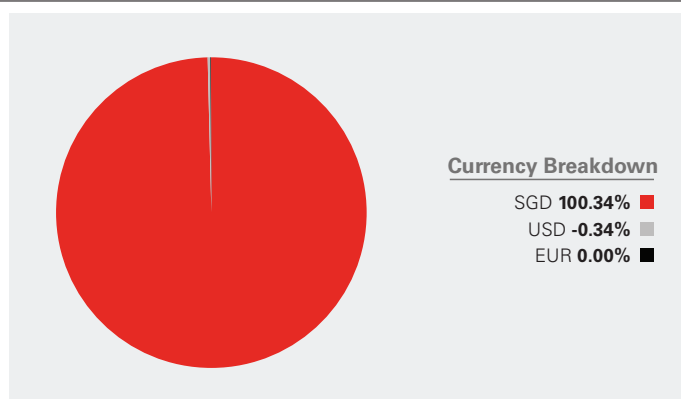
Diversified over a wide range of sectors

- ◆ Highly diversified and balanced allocation covering wide range of sectors. This helps avoid concentration risk
- ◆ Good mix of defensive sectors like banks, financial and quasi-sovereign with more cyclical sectors like cyclical and oil & gas
- ◆ Geographical diversification within each sector, with individual bonds susceptible to different local market cycles



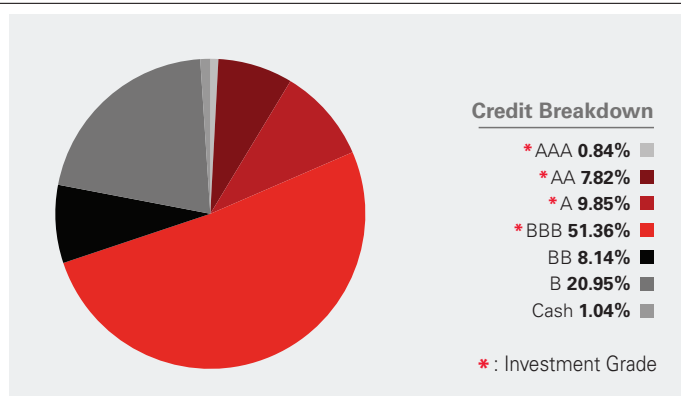
Pure Singapore Dollar exposure

- ◆ All non-SGD denominated bonds hedged to SGD
- ◆ Monthly dividend paid out in SGD



High quality credit selection

- ◆ High quality bonds with exposure to non-investment grade bonds capped at 30%. This is to keep portfolio risk low while enhancing overall yield



Source: HSBC Global Asset Management, as at 31 March 2018.

Why your clients will want to use the fund



Attractive yield

- ◆ The fund invests in a diversified universe including bonds denominated in SGD as well as other non-SGD bonds issued by governments, government agencies, supranational bodies or companies in Asia
- ◆ The fund has the flexibility to invest up to 30% in non-investment grade rated bonds for return enhancement



Low risk

- ◆ High quality bonds with exposure to non-investment grade bonds capped at 30%
- ◆ Highly diversified portfolio by country, sector and credit quality. By holding a single bond an investor could end up losing all of the investment in case of default
- ◆ The fund is managed to ensure the duration will not exceed five years. In a rising interest rate environment, investors are better off by reducing duration in their portfolios.
- ◆ Reduced exposure to currency risk as the bonds in the portfolio are either issued in SGD or hedged to SGD



Regular income

- ◆ Monthly dividend payouts in SGD
- ◆ Aiming to pay income without eroding capital



Expert management team

- ◆ Won Best Asian Bond House Award by Asia Asset Management from 2008 to 2010, 2012, 2013, 2015, 2016 and 2018
- ◆ One of the world's largest and most experienced Asian fixed income teams
- ◆ We are able to analyse the SGD bond market to identify the best investment opportunities and avoid fundamentally problematic companies
- ◆ We manage over USD 82bn in Asian fixed income assets as at 31/03/18

How to position the fund against other investment options

SGD Term Deposit

- ◆ As at 30/04/18 the fund offers a higher yield than the average yield offered by SGD term deposits
- ◆ Fund has daily pricing and no lock-in period
- ◆ Fund invests in bonds which carry higher credit risk than term deposits

Asian Fixed Income Fund

- ◆ Asian fixed income funds have less exposure to Singapore
- ◆ Asian fixed income funds are generally more exposed to different currencies thus potentially resulting in higher currency exposure risk

Foreign Currency Term Deposit

- ◆ As at 30/04/18 the fund offers a higher yield than the average yield offered by term deposits in a number of Asian currencies
- ◆ Fund currency exposure risk is much lower as returns are hedged to SGD
- ◆ Fund has daily pricing and no lock-in period

Individual Bonds

- ◆ Holding individual bonds may result in total loss in case of bond default
- ◆ Instead of one single bond, fund investors gain access to over 50 issuer names for a minimum investment of S\$1,000

Distributions are not guaranteed and may be paid out of distributable income, capital or both. Distributions paid out of capital could result in capital erosion and reduction in net asset value. Past payout yields and payments do not represent future payout yields and payments. A positive distribution yield does not imply a positive return.

Why invest with HSBC?



Experts in Asian asset management

- ◆ The HSBC Singapore Dollar Income Bond Fund is managed in Hong Kong by Gregory Suen, who has almost two decades of industry experience. With 22 managers and 12 analysts in 4 offices in Hong Kong, Shanghai, Taipei and Mumbai, our team of Asian asset management experts is one of the world's largest and most experienced
- ◆ Every individual bond in the fund has been handpicked by analysts with extensive knowledge of and experience working with that particular asset. Over the years, we have also had the privilege of building strong relationships with bond issuers
- ◆ Our team has the ability to enhance portfolio yields within the same investment universe without increasing risk by selecting between the SGD bond market and non-SGD bond markets and apply a currency hedge which at times can offer significantly better after-hedged yield even when buying the same issuer. This allows us to deliver a higher yield without increasing the amount of risk



Our credit selection and risk management process

- ◆ Our investment process is grounded in a rigorous credit selection and risk management process by a multiple award-winning Asian fixed income team. The team has navigated times of extreme stress in financial markets and uses proprietary credit rating tools in order to minimise risk in your clients' portfolios.
- ◆ Combination of top-down analysis of macroeconomic and market dynamics, and bottom-up research of individual issuers



Awards and achievements

- ◆ Our Asian fixed income team has been the recipient of multiple prizes

Best Fixed-Income Fund House 2016 <ul style="list-style-type: none"> ◆ Morningstar Best Fixed-Income Fund House Award 	Asian bond house <ul style="list-style-type: none"> ◆ Asia Asset Management Best of the Best Awards ◆ 2008-10, 2012, 2013, 2015, 2016, 2017
The Asset Top Investment House 2017 <ul style="list-style-type: none"> ◆ Top Investment House in Asian Local Currency Bonds ◆ Asian Fixed Income 	Top ranking in the Most Astute Investor in Asian Currency Bonds <ul style="list-style-type: none"> ◆ The Asset Benchmark Research Award 2017 ◆ Gregory Suen, Jeannette Lee
Benchmark Fund of the Year Awards 2017 <ul style="list-style-type: none"> ◆ Best-in-Class Award 2017 ◆ Manager of the Year award-Asia Fixed Income 2016 ◆ Best-in-Class Award 2016 	Best Asian Bond Fund <ul style="list-style-type: none"> ◆ Morningstar Fund Awards ◆ 2009, 2012, 2013, 2015 (Hong Kong)

Source: HSBC Global Asset Management, data as of March 2018. Past performance is not indicative of future performance

The fund at a glance

Typical portfolio characteristics

Currency Exposure	~100% SGD
Bond allocation	SGD denominated bonds: 50 - 100% Non-SGD denominated bonds: 0 - 50% (Non-SGD exposure should largely be hedged to SGD)
Credit Quality	Investment grade: 70 - 100% Non-investment grade: 0 - 30%
Yield to Worst (%)	4.51 (as at 30/04/18)
Number of bonds	50 - 70
Typical holdings	Aims to hold quality issuers from Singapore and other Asian countries in sectors such as bank and financials, property, utilities, telecoms and industrials
Average rating¹	BBB- / Baa3
Benchmark	None

Fund details

Launch Date	2 March 2018
Fund Price at Launch	SGD 10.00
Currency	SGD / USD / AUD
Share Classes	Accumulation: ACSGD Dividend: AM2SGD / AM3HUSD / AM3HAUD
Minimum Investment	SGD 1,000 / USD 1,000 / AUD 1,000
Subscription Mode	Cash & Supplementary Retirement Scheme (SRS)* *SRS – ACSGD & AM2SGD only
Sales Charge	Up to 3.00%
Management Fee	0.80% per annum
Dividend Policy²	Monthly for AM2SGD / AM3HUSD / AM3HAUD

Please refer to the prospectus for details of other fees.

1. Average credit rating uses 'Index rating' which is an average of the vendors: S&P, Fitch, Moody's. The average fund and benchmark rating does not include securities rated NR or NA. **2.** Distributions are not guaranteed and may be paid out of distributable income, capital or both. Distributions paid out of capital could result in capital erosion and reduction in net asset value. Past payout yields and payments do not represent future payout yields and payments. A positive distribution yield does not imply a positive return.

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