

# HSBC Singapore Dollar Income Bond Fund

## Information for Retail Customers



**HSBC**  
Global Asset  
Management

# Introducing the HSBC Singapore Dollar Income Bond Fund

As an investor, your goal is to grow your savings in a way that's risk aware, while receiving regular dividends that add to your passive income.

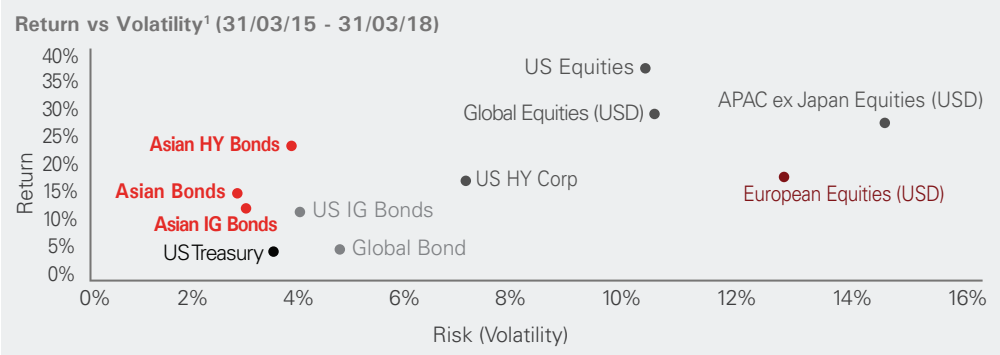
## The HSBC Singapore Dollar Income Bond Fund can help you to achieve that goal.

The fund enables you to invest in bonds from Singapore and all over Asia Pacific, including China, Hong Kong, Australia and Indonesia, riding on the strong fundamentals and attractive valuation of Asian bonds.

The result is a low-risk investment product with the potential to punch above its weight.

- ◆ **Low risk** – A diversified, high-quality portfolio with all bonds either issued in SGD or hedged to SGD so as to reduce currency risk
- ◆ **Regular yield** – Potential yield enhancement compared to cash or deposits, with dividends paid out monthly
- ◆ **SGD income** – Pays out an income in one of Asia's most robust currencies
- ◆ **Award-winning investment team** – Over 20 years of expertise with more than USD 80bn invested in Asian credit in both USD and local currency bonds

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



The fund is fully hedged to the SGD, making it a suitable addition to your portfolio if SGD is one of your primary currencies. It also participates very strongly in the Singapore dollar bond market, providing access to one of Asia's most prominent, open and stable markets as the chart above shows.

## Smooth performance – SGD Corporate Bond Index<sup>2</sup>





The fund can be a core addition to your portfolio if you are looking for a high-yield, low-risk product.

**With one of the largest credit research teams in Asia, we are able to analyse the entire SGD bond market to identify favourable investment opportunities.**

1. Returns and volatility were calculated based on USD. Investment involves risks. Past performance is not indicative of future performance. 2. Bloomberg, 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.

## Why add the fund to your investment portfolio?



**Monthly** dividend  
in **SGD** for a  
**regular income**



Higher allocation to  
**property and banking**  
sectors reduces risk



At least **50** issuer  
names for **diversity**  
and **reduced risk**



Maximum duration  
of **5 years**



Focus on **Asian**  
and **Singapore**  
bond markets



**Award-winning**  
**management team**  
named Best Asian Bond  
House in 2008, 2009,  
2010, 2012, 2013,  
2015, 2016, 2017

# How does the fund aim to achieve regular returns at a low risk?

## How are potential returns managed?

The fund is managed by an award-winning team who adopts a rigorous investment process. All bonds are handpicked by analysts with extensive experience working with that particular asset.

Asia's strong macroeconomic fundamentals and the robustness of the SGD offer the potential for high returns. Asian corporates tend to show stronger fundamentals as they generally rely less on debt-funded growth than corporates in other regions. They also tend to offer higher yields than peers in other regions. The fund leverages these strengths by investing in the Asian and Singapore bond markets, and either issuing bonds in SGD or hedging them to SGD.

A conservative dividend policy ensures that a regular income is paid out to investors while avoiding capital erosion.

## How is risk managed?

The fund has 51% exposure to SGD bonds, taking advantage of the stability of the Singapore market, while maintaining a diversified allocation covering a range of Asia-Pacific countries including China, Australia, Indonesia, South Korea, Hong Kong, India and Taiwan.

All non-SGD denominated bonds are hedged to SGD to take advantage of the currency's attractive market outlook.

The fund features high-quality bonds, with exposure to non-investment grade bonds capped at 30%. Stable property and banking sectors are given a high allocation to minimise risk, while maintaining a diversified sector allocation that also includes the financial, quasi-sovereign, industrial and cyclical sectors.

As modest duration bonds are less sensitive to interest rate hikes, the fund is managed to ensure a duration of not more than 5 years.

# How does the fund compare to alternatives?

Compared to the following investments, the fund has the potential to offer some advantages.

### SGD term deposit

- ◆ Potential for higher returns
- ◆ No currency risk

### Daily pricing

- ◆ No lock-in period

### Asian fixed income fund

- ◆ Lower allocation to riskier bonds
- ◆ Dividends are not paid out of capital in order to avoid capital erosion

### Foreign currency term deposit

- ◆ Potential for higher returns
- ◆ Lower exposure to currency risk
- ◆ Daily pricing
- ◆ No lock-in period

### Individual bonds

- ◆ Lower risk of total loss in case of bond default
- ◆ Lower transaction costs as investment managers access bond markets more efficiently
- ◆ Access to over 50 issuer names for a low minimum investment of \$1,000

# Who is managing the fund?



## Experts in Asian asset management

HSBC has one the world's largest and most experienced teams of Asian asset management experts, with 22 managers and 12 analysts in 4 offices in Hong Kong, Shanghai, Taipei and Mumbai.

The fund is managed in Hong Kong by Gregory Suen, an industry veteran with almost 2 decades of experience.



## Awards and achievements

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

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

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

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