

HSBC Index Tracker Investment Funds

Sterling Corporate Bond Index Fund

Monthly report 29 February 2024 | Share class Inc C



Investment objective

The Fund aims to track the performance of the Markit iBoxx GBP Non-Gilts Index (the "Index") before the deduction of charges and tax.



Investment strategy

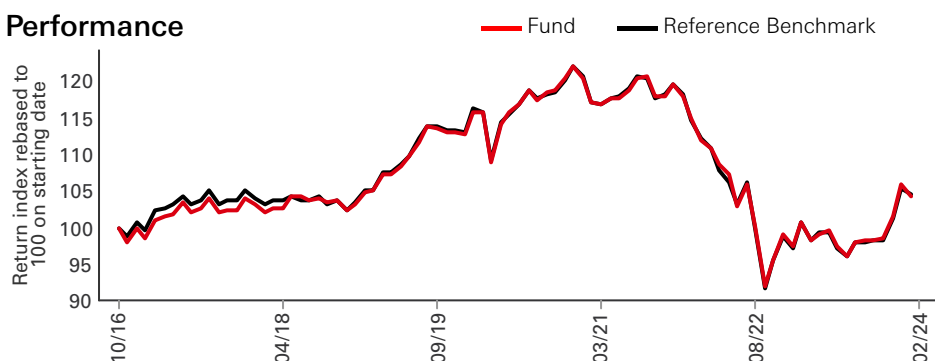
The Fund will invest in a representative sample of the Sterling denominated bonds that make up the Index. The Fund may also invest in Sterling denominated bonds that are no longer or not yet part of part of the Index, as well as bonds issued by the UK Government (gilts). The Fund does not intend to use bonds that are not part of the Index extensively and their use will be consistent with the risk profile of the Fund. The Fund's performance is measured against the Index, because the Fund intends to track the performance of the Index. The Index consists of various types of bond that have a credit rating of investment grade and are issued globally by companies (corporates), other large organisations and governments, other than the UK Government, as defined by the Index provider.



Main risks

- The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.
- Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- The Fund invests in bonds whose value generally falls when interest rates rise. This risk is typically greater the longer the maturity of a bond investment and the higher its credit quality. The issuers of certain bonds, could become unwilling or unable to make payments on their bonds and default. Bonds that are in default may become hard to sell or worthless.

Performance



Share class details

Key metrics

| | |
|---------------------|-----------------|
| NAV per share | GBP 0.83 |
| Performance 1 month | -0.78% |
| Yield to maturity | 5.27% |

Fund facts

| | |
|---------------------------------|-----------------------------|
| UCITS V compliant | Yes |
| UK reporting fund status (UKRS) | Yes |
| ISA eligible | Yes |
| Dividend treatment | Distributing |
| Distribution frequency | Quarterly |
| Dividend ex-date | 16 February 2024 |
| Dividend yield ¹ | 3.55% |
| Last paid dividend | 0.007600 |
| Dealing frequency | Daily |
| Valuation time | 12:00 United Kingdom |

| | |
|---------------------------|----------------------------------------------|
| Share class base currency | GBP |
| Domicile | United Kingdom |
| Inception date | 25 October 2016 |
| Fund size | GBP 133,872,429 |
| Reference benchmark | 100% Markit iBoxx GBP Non-Gilts Index |
| Managers | HSBC Passive Fixed Income Team |

Fees and expenses

| | |
|-----------------------------------------|----------------------|
| Minimum initial investment ² | GBP 1,000,000 |
| Ongoing charge figure ³ | 0.170% |

Codes

| | |
|------------------|---------------------|
| ISIN | GB00BYV9W854 |
| Bloomberg ticker | HSBCBIC LN |
| SEDOL | BYV9W85 |

¹Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.

²Please note that initial minimum subscription may vary across different distributors

³Ongoing Charges Figure is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Past performance does not predict future returns. The figures are calculated in the share class base currency, dividend reinvested, net of fees.

This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

For definition of terms, please refer to the Glossary QR code and Prospectus.

Source: HSBC Asset Management, data as at 29 February 2024

| | | | | | | | | | | Since inception ann |
|---------------------------------|-------------------|---------------------|---------------------|-------------------|----------------------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Performance (%) | YTD | 1 month | 3 months | 6 months | 1 year | 3 years ann | 5 years ann | 10 years ann | | |
| Inc C | -2.13 | -0.78 | 1.91 | 5.47 | 5.28 | -3.99 | -0.28 | -- | | 0.44 |
| Reference Benchmark | -1.55 | -0.66 | 2.64 | 5.87 | 5.56 | -3.90 | -0.24 | -- | | 0.37 |
| | | | | | | | | | | |
| Rolling performance (%) | 28/02/23-29/02/24 | 28/02/22-28/02/23 | 28/02/21-28/02/22 | 29/02/20-28/02/21 | 28/02/19-29/02/20 | 28/02/18-28/02/19 | 28/02/17-28/02/18 | 29/02/16-28/02/17 | 28/02/15-29/02/16 | 28/02/14-28/02/15 |
| Inc C | 5.28 | -12.11 | -4.35 | 1.19 | 10.09 | 2.97 | 0.89 | -- | -- | -- |
| Reference Benchmark | 5.56 | -12.25 | -4.17 | 1.06 | 10.16 | 1.81 | 0.95 | -- | -- | -- |
| | | | | | | | | | | |
| 3-Year Risk Measures | | Inc C | Reference Benchmark | | 5-Year Risk Measures | | | Inc C | Reference Benchmark | |
| Volatility | | 8.88% | 8.87% | | Volatility | | | 8.23% | 8.21% | |
| Sharpe ratio | | -0.74 | -0.73 | | Sharpe ratio | | | -0.25 | -0.24 | |
| Tracking error | | 1.08% | -- | | Tracking error | | | 1.02% | -- | |
| Information ratio | | -0.09 | -- | | Information ratio | | | -0.04 | -- | |
| | | | | | | | | | | |
| Fixed Income Characteristics | | | | | | Fund | Reference Benchmark | | Relative | |
| No. of holdings ex cash | | | | | | 579 | 1,259 | | -- | |
| Average coupon rate | | | | | | 3.76 | 3.95 | | -0.19 | |
| Yield to worst | | | | | | 5.21% | 5.29% | | -0.07% | |
| Current yield | | | | | | 3.93% | 4.11% | | -0.18% | |
| Option adjusted duration | | | | | | 5.63 | 5.61 | | 0.02 | |
| Option adjusted spread duration | | | | | | 5.67 | 5.65 | | 0.01 | |
| Average maturity | | | | | | 7.86 | 8.02 | | -0.16 | |
| Rating average | | | | | | A+/A | A+/A | | -- | |
| | | | | | | | | | | |
| Credit rating (%) | Fund | Reference Benchmark | | Relative | Geographical allocation (Option adjusted duration) | | Fund | Reference Benchmark | | Relative |
| AAA | 21.33 | 21.60 | | -0.27 | UK | | 2.98 | 2.93 | | 0.05 |
| AA | 13.37 | 12.39 | | 0.98 | Europe-ex UK | | 1.28 | 1.28 | | 0.01 |
| A | 28.19 | 29.27 | | -1.08 | North America | | 0.79 | 0.80 | | -0.01 |
| BBB | 36.42 | 36.66 | | -0.24 | Supranational | | 0.45 | 0.45 | | 0.00 |
| BB | -- | 0.08 | | -0.08 | Asia | | 0.08 | 0.10 | | -0.02 |
| NR | 0.19 | -- | | 0.19 | Latam | | 0.04 | 0.04 | | -0.01 |
| Cash | 0.51 | -- | | 0.51 | Total | | 5.63 | 5.61 | | 0.02 |

**Maturity Breakdown
(Option adjusted
duration)**

| | Fund | Reference Benchmark | Relative |
|--------------|-------------|------------------------|-------------|
| 0-2 years | 0.20 | 0.23 | -0.03 |
| 2-5 years | 1.20 | 1.20 | 0.00 |
| 5-10 years | 1.34 | 1.28 | 0.07 |
| 10+ years | 2.89 | 2.91 | -0.02 |
| Total | 5.63 | 5.61 | 0.02 |

| Sector allocation (%) | Fund | Reference Benchmark | Relative |
|------------------------------|-------------|--------------------------------|-----------------|
| Financials | 29.14 | 30.00 | -0.86 |
| Utilities | 12.27 | 12.48 | -0.22 |
| Supranationals | 11.91 | 11.89 | 0.02 |
| Agencies | 8.86 | 8.77 | 0.09 |
| Consumer Services | 4.65 | 5.14 | -0.50 |
| Housing Associations | 4.37 | 4.44 | -0.07 |
| Public Banks | 4.32 | 3.33 | 0.99 |
| Consumer Goods | 4.14 | 4.56 | -0.43 |
| Telecommunications | 3.86 | 3.92 | -0.06 |
| Industrials | 3.27 | 2.41 | 0.86 |
| Other Sectors | 12.71 | 13.06 | -0.35 |
| Cash | 0.51 | -- | 0.51 |

Top 10 holdings

Weight (%)

| | |
|---------------------------------|------|
| KFW 3.750 30/07/27 | 1.11 |
| NATWEST GROUP 3.125 28/03/27 | 0.73 |
| KFW 1.250 31/07/26 | 0.69 |
| INT BK RECON&DEV 1.250 13/12/28 | 0.58 |
| KFW 1.375 15/12/25 | 0.56 |
| INT BK RECON&DEV 1.000 21/12/29 | 0.56 |
| VERIZON COMM INC 1.875 19/09/30 | 0.56 |
| EUROPEAN INVT BK 4.875 16/12/30 | 0.55 |
| KFW 0.875 15/09/26 | 0.54 |
| DEUTSCHE BANK AG 4.000 24/06/26 | 0.52 |

Risk disclosures

- The Fund may be concentrated in a limited number of securities, economic sectors and/or countries and as a result, may be more volatile and have a greater risk of loss than more broadly diversified funds.
- To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time ("tracking error").
- Derivatives may be used by the Fund, and these can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- 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.
- Liquidity is a measure of how easily the Fund's holdings can be quickly converted to cash. The value of the Fund's holdings may be significantly impacted by liquidity risk during adverse market conditions.
- Further information on the potential risks can be found in the Key Information Document (KID) and/or the Prospectus or Offering Memorandum.

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Source: HSBC Asset Management, data as at 29 February 2024

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Glossary



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