HSBC Asset Management

HSBC Investment Funds

UK Growth & Income Fund

Monthly report 31 March 2024 | Share class Inc C

Investment objective

The Fund aims to provide growth and income in the long term, which is a period of five years or more.

Investment strategy

To achieve its objective, the Fund will invest at least 80% of its value in the shares (equities) of UK companies, including preference shares. UK companies are those that are based in the UK or earn at least 80% of their revenue from the UK. Typically the Fund will invest in the shares of 40 to 70 companies. The Fund is managed with reference to the FTSE All-Share Index (the "Index"). The level of risk the Fund may take is considered relative to the Index as part of the portfolio construction process. This means the Fund returns are more likely to be closer to the returns of the Index than if there were no limits on the level of risk the Fund may take. The Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the Fund manager is not inconsistent with the UK equities market. The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index.

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.
- 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.

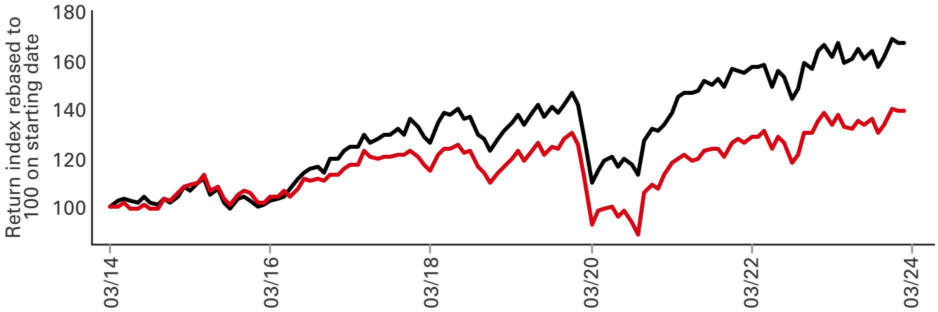
Share class details

Key metrics	
NAV per share	**GBP 0.73**
Performance 1 month	**4.74%**
Volatility 3 years	**10.49%**
Fund facts	
UCITS V compliant	**Yes**
UK reporting fund status (UKRS)	**Yes**
ISA eligible	**Yes**
Dividend treatment	**Distributing**
Distribution frequency	**Semi-Annually**
Dividend ex-date	**16 January 2024**
Dividend yield[1]	**3.86%**
Last paid dividend	**0.013270**
Dealing frequency	**Daily**
Valuation time	**12:00 United Kingdom**
Share class base currency	**GBP**
Domicile	**United Kingdom**
Inception date	**3 December 2012**
Fund size	**GBP 256,248,803**
Reference benchmark	**100% FTSE All Share Index**
Managers	**Paul Denham Ed Gurung**
Fees and expenses	
Minimum initial investment[2]	**GBP 1,000,000**
Ongoing charge figure[3]	**0.840%**
Codes	
ISIN	**GB00B86PKV52**
Bloomberg ticker	**HSUGICI LN**
SEDOL	**B86PKV5**

[1]Dividend Yield: represents the ratio of distributed income over the last 12 months to the fund's current Net Asset Value.
[2]Please note that initial minimum subscription may vary across different distributors
[3]Ongoing Charges Figure is an estimate due to a change of fee structure.

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 31 March 2024

Performance



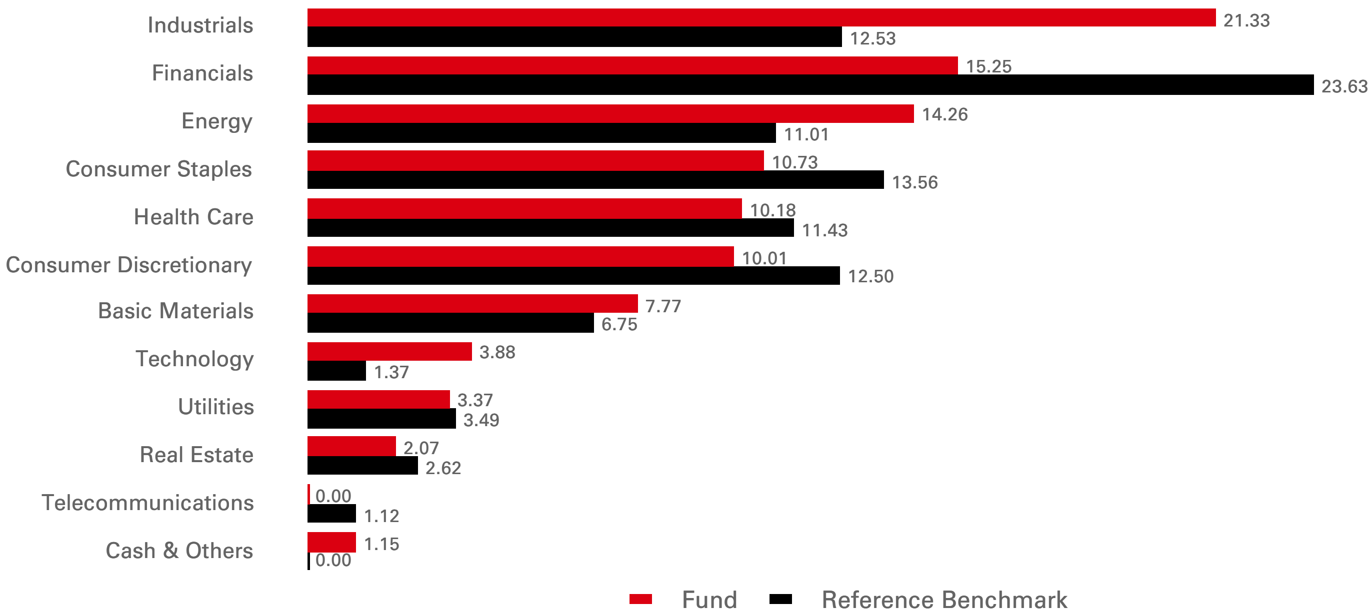
Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	10 years ann
Inc C	**4.05**	**4.74**	**4.05**	**7.41**	**8.82**	**7.30**	**4.02**	**3.84**
Reference Benchmark	3.57	4.75	3.57	6.91	8.43	8.05	5.44	5.77

Rolling performance (%)	31/03/23-31/03/24	31/03/22-31/03/23	31/03/21-31/03/22	31/03/20-31/03/21	31/03/19-31/03/20	31/03/18-31/03/19	31/03/17-31/03/18	31/03/16-31/03/17	31/03/15-31/03/16	31/03/14-31/03/15
Inc C	**8.82**	**4.25**	**8.91**	**27.73**	**-22.84**	**4.61**	**-2.19**	**12.61**	**-4.34**	**8.63**
Reference Benchmark	8.43	2.92	13.03	26.71	-18.45	6.36	1.25	21.95	-3.92	6.57

Equity characteristics	Fund	Reference Benchmark
No. of holdings ex cash	43	566
Average market cap (GBP Mil)	51,194	57,830

3-Year Risk Measures	Inc C	Reference Benchmark
Volatility	10.49%	10.79%
Information ratio	-0.23	--
Beta	0.93	--

Sector allocation (%)



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Source: HSBC Asset Management, data as at 31 March 2024

Top 10 holdings	Sector	Weight (%)
Shell PLC	Energy	8.47
BP PLC	Energy	5.79
GSK PLC	Health Care	5.03
AstraZeneca PLC	Health Care	4.29
BAE Systems PLC	Industrials	3.99
HSBC Holdings PLC	Financials	3.96
Compass Group PLC	Consumer Discretionary	3.57
Rio Tinto PLC	Basic Materials	3.29
Barclays PLC	Financials	3.08
Next PLC	Consumer Discretionary	2.92

Source: HSBC Asset Management, data as at 31 March 2024

Monthly performance commentary

Analyse du portefeuille

Les actifs à risque mondiaux ont terminé février sur une réévaluation des prix, après un mois marqué par des tensions inflationnistes, un durcissement des politiques des banques centrales et une aggravation des tensions géopolitiques qui a culminé avec l'invasion de l'Ukraine par les forces russes. Les performances totales des titres notés « Investment Grade » et à haut rendement ont été négatives, les obligations ayant été confrontées à des pressions dues à la hausse des taux et à l'élargissement des spreads. Les rendements des emprunts d'État à court terme ont augmenté au cours du mois, les bons du Trésor américain à 2 ans gagnant 0,25 % pour terminer le mois à 1,43 %, tandis que le taux des fonds fédéraux américains restait à 0,08 % début mars. Les spreads des obligations d'entreprises sur le marché américain des obligations « Investment Grade » à 0-1 an ont progressé de 56 pb, tandis que les spreads sur le marché des obligations « Investment Grade » à 1-3 ans ont augmenté de 25 pb. Dans ce contexte de marché, la stratégie a enregistré une performance totale négative, brute de commissions. Le Yield to worst (brut) du portefeuille a augmenté à 1,86 % fin février, ce qui devrait contribuer à amortir la volatilité des spreads. Les principaux contributeurs au rendement du portefeuille d'un point de vue sectoriel ont été le secteur bancaire, le crédit titrisé et les biens de consommation cycliques du portefeuille. La qualité de crédit moyenne reste globalement à A- avec une allocation aux obligations BBB qui est compensée par des obligations d'entreprises de qualité supérieure et l'exposition au crédit titrisé principalement noté AAA et AA. L'exposition aux obligations BBB a été légèrement réduite au cours du mois. Le portefeuille est actuellement à taux variable à 44 %, avec une exposition composée à 26 % d'obligations d'entreprises et à 17 % de crédit titrisé. La duration effective est de 0,10 an tandis que la duration des spreads est de 1,33 an. Nous continuons d'apprécier le segment à 1-2 ans du marché des obligations d'entreprises, où la pentification de la courbe des rendements continue d'offrir une valeur relative plus attrayante par rapport à l'extrémité plus courte et, dans le même temps, nous recourons à des contrats à terme sur bons du Trésor pour gérer la duration effective du portefeuille.

Perspectives
L'invasion de l'Ukraine par les forces russes complique l'analyse de perspectives d'investissement déjà incertaines. Les banques centrales font désormais face à un choix plus difficile dans l'arbitrage entre la protection de la croissance et la lutte contre l'inflation. À l'heure actuelle, le choix de la BCE semble orienté en faveur de la croissance, compte tenu de l'impact plus direct du conflit sur la région. La Fed, quant à elle, poursuivra probablement la normalisation de sa politique en s'attachant à lutter contre une inflation plus soutenue et de plus long terme, qui semble exacerbée par de nouvelles difficultés au sein des chaînes d'approvisionnement et par la hausse des prix de l'énergie. Alors que la volatilité devrait persister jusqu'à ce que les marchés obtiennent certains éclaircissements sur les conditions et l'horizon temporel d'une résolution, les fondamentaux du crédit restent solides pour le moment et devraient en définitive, en l'absence d'une nouvelle escalade du conflit, être favorables aux spreads, en particulier pour le crédit américain qui est moins exposé que l'Europe et les marchés émergents. Les valorisations sont devenues plus attrayantes, mais sont assorties d'incertitudes accrues, et si les ventes massives quasi générales ont offert des opportunités, nous restons prudents quant à l'ajout de risques à ce stade jusqu'à ce que nous ayons davantage de visibilité sur les évolutions possibles de la situation et ses implications pour le marché en général.

Risk disclosures

- 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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Further Information can be found in the prospectus and in our Key Investor Information Documents published in our Fund Centre at www.assetmanagement.hsbc.co.uk
Source: HSBC Asset Management, data as at 31 March 2024

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HSBC Asset Management

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Glossary