

HSBC Investment Funds

Monthly Income Fund

Monthly report 31 May 2022 | Share class Acc C



Investment objective

The Fund aims to provide a monthly income together with growth 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 a combination of shares (equities) of UK companies and bonds issued by UK companies. UK companies are those that are based in the UK or earn at least 80% of their revenue from the UK. Under normal market conditions, the asset allocation of the Fund is 70% in shares of companies and 30% in bonds. These percentages will fluctuate based upon market movement. The Fund is managed with reference to the FTSE All-Share Index and Markit iBoxx GBP Corporates Index. The FTSE All-Share Index and Markit iBoxx GBP Corporates Index are 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 and sterling corporate bond market. The performance of the Fund is therefore shown against the performance of a combined benchmark consisting of a weighting of 70% FTSE All-Share Index and 30% Markit iBoxx GBP Corporates 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.
- 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.

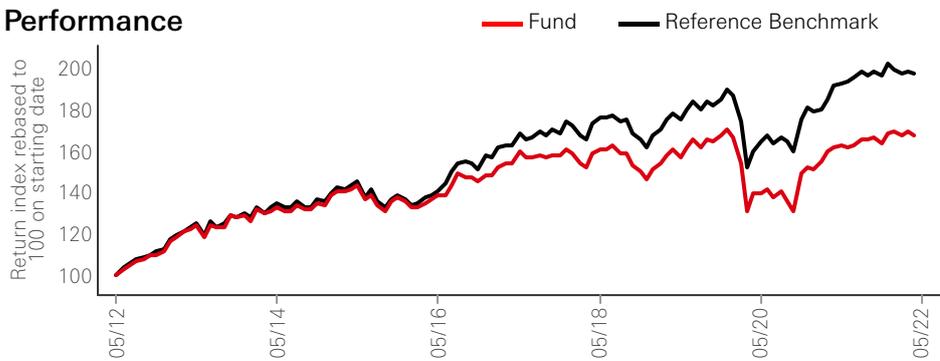
Share class details

Key metrics	
NAV per share	GBP 3.32
Performance 1 month	1.09%
Sharpe ratio 3 years	0.15
Fund facts	
UCITS V compliant	Yes
ISA eligible	Yes
Dividend treatment	Accumulating
Distribution frequency	Monthly
Dividend ex-date	16 January 2020
Last paid dividend	0.017055
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 95,269,729
Reference benchmark	30% Markit iBoxx GBP Corporates Index 70% FTSE All Share Index
Managers	Justin Turner Mohamed Imtiaz Siddeeq
Fees and expenses	
Minimum initial investment ¹	GBP 1,000,000
Ongoing charge figure ²	0.640%
Codes	
ISIN	GB00B80H8680
Bloomberg ticker	HSMINCA LN
SEDOL	B80H868

¹Please note that initial minimum subscription may vary across different distributors

²Ongoing 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.

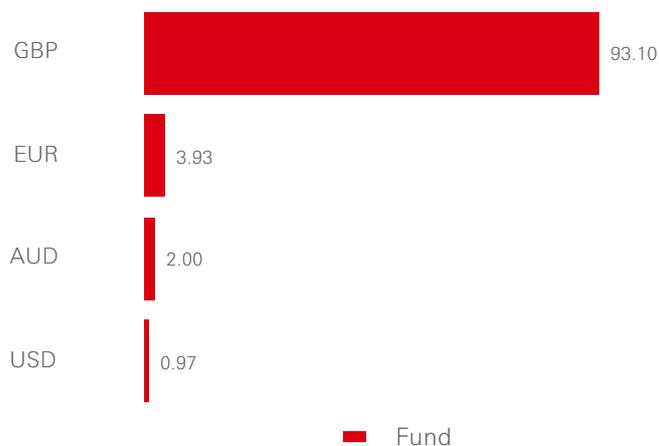
Performance



Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	10 years ann
Acc C	0.66	1.09	1.53	3.74	4.20	2.66	1.19	5.42
Reference Benchmark	-2.32	0.09	-0.02	0.55	2.33	4.09	3.18	7.02

Rolling performance (%)	31/05/21-31/05/22	31/05/20-31/05/21	31/05/19-31/05/20	31/05/18-31/05/19	31/05/17-31/05/18	31/05/16-31/05/17	31/05/15-31/05/16	31/05/14-31/05/15	31/05/13-31/05/14	31/05/12-31/05/13
Acc C	4.20	16.60	-10.95	-2.62	0.71	15.55	-3.66	8.18	7.13	23.84
Reference Benchmark	2.33	17.21	-5.97	-0.78	4.51	20.31	-3.40	7.99	7.38	25.00

Currency Allocation (%)



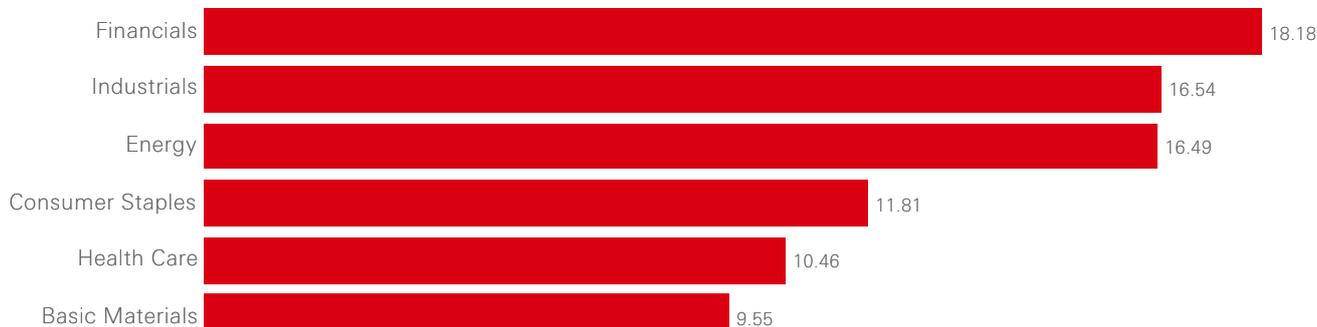
Asset allocation (%)

Asset allocation (%)	Fund
Equity	67.85
Fixed Income	26.60
Cash	5.53
Future	1.04
Futures-OFFSET	-1.02

Top 10 holdings

Top 10 holdings	Weight (%)
Shell Plc	6.70
BP PLC	4.36
AstraZeneca PLC	3.54
GSK PLC	3.00
HSBC Holdings PLC	2.93
Barclays PLC	2.64
Vodafone Group PLC	2.53
Imperial Brands PLC	2.32
BAE Systems PLC	2.26
NatWest Group PLC	2.07

Equity sector allocation (%)



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

Source: HSBC Asset Management, data as at 31 May 2022

Instrument type allocation (%)	Fund	Reference Benchmark	Relative
Corporate Bond	48.82	--	--
Euro Medium Term Note	28.20	--	--
Government Bond	17.37	--	--
Perpetual Bonds	5.61	--	--

Monthly performance commentary

Equity

Contributors to relative performance included BARCLAYS PLC (Financials) with a total effect of 0.31%. Additionally, BP PLC (Energy) was in the top two contributors with a total effect of 0.3%.

Detractors included DRAX GROUP PLC (Utilities) with a total effect of -0.27% and IG GROUP HOLDINGS PLC (Financials) with a total effect of -0.25%.

During this period, positions were initiated in WOODSIDE ENERGY GROUP.

Sector allocation effects are residual to stock selection. At the sector level, effects were positive, given an overweight exposure to Energy.

Fixed Income

The fixed income assets value decreased in May by -1.42% and underperformed the reference benchmark by 8bps as markets were in a metaphorical tug-of-war between investor (a) worries that higher inflation will cause central banks to continue to move aggressively thereby engineering a recession and (b) investor optimism that inflation will taper, and central banks will find a way to slow tightening sufficiently to avoid recession. Credit markets continued their weakness as IG, HY and EM spreads widened over the month. Whilst Security Selection drove performance, adding 10bps due to positions Insurance and Financial Services, rates positions detracted from performance by 14bps. This was despite our underweight duration positioning.

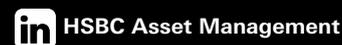
May was a volatile and, in the end, a volatile month for Credit. Overall spreads widened at the global Investment Grade level by 2bp to 144 OAS as measured by the Bloomberg Global Aggregate Corporate Index while High Yield widened by 28bp to 480 OAS as per the ICE BoA Global High Yield Index. EMD continued to suffer albeit at a much slower pace than earlier in 2022. Sovereigns, as measured by the JPMorgan Emerging Bond Global Sovereign Index, widened by 4bp to +383 spread while IG and HY corporates moved +13bp to +218 spread and +32bp to +510 spread, respectively, as measured by the JPMorgan Corporate EMBI indices. Intra-month was also volatile where volatility in spreads surpassed 10bp in IG during the month and 75bp in HY.

Looking forward, we remain carefully positioned in funds. We see the market, at times, to be range bound and we look to trade the range both in terms of sector valuations but also individual credits.

Risk disclosures

- 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 Investor Information Document (KID) and/or the Prospectus or Offering Memorandum.

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Glossary



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Source: HSBC Asset Management, data as at 31 May 2022

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