

HSBC Investment Funds

Monthly Income Fund

Monthly report 29 February 2024 | 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

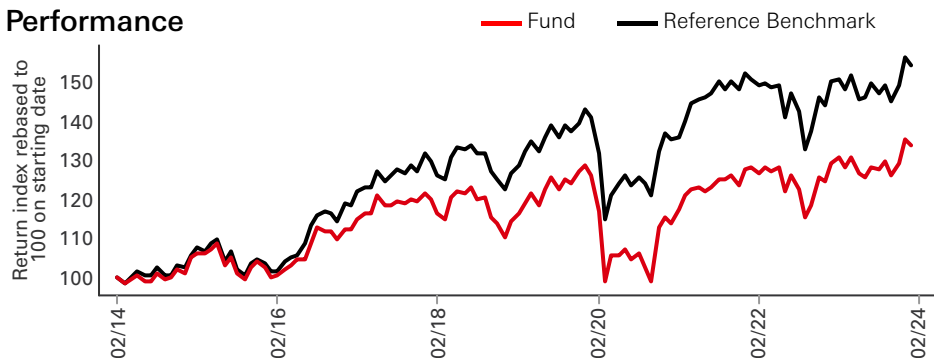
To achieve its objective the Fund will invest at least 80% of its value in a combination of shares (equities) of UK companies and bonds issued by UK companies. UK companies are those that are based in the UK or earn at least 80% of their revenue from the UK. Under normal market conditions, the asset 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 generally 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. The value of investible securities can change over time due to a wide variety of factors, including but not limited to: political and economic news, government policy, changes in demographics, cultures and populations, natural or human-caused disasters etc.

Performance



Share class details

Key metrics

NAV per share	GBP 3.45
Performance 1 month	-0.41%
Sharpe ratio 3 years	0.20

Fund facts

UCITS V compliant	Yes
UK reporting fund status (UKRS)	Yes
ISA eligible	Yes
Dividend treatment	Accumulating
Distribution frequency	Monthly
Dividend ex-date	16 January 2020
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 78,229,896
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.

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

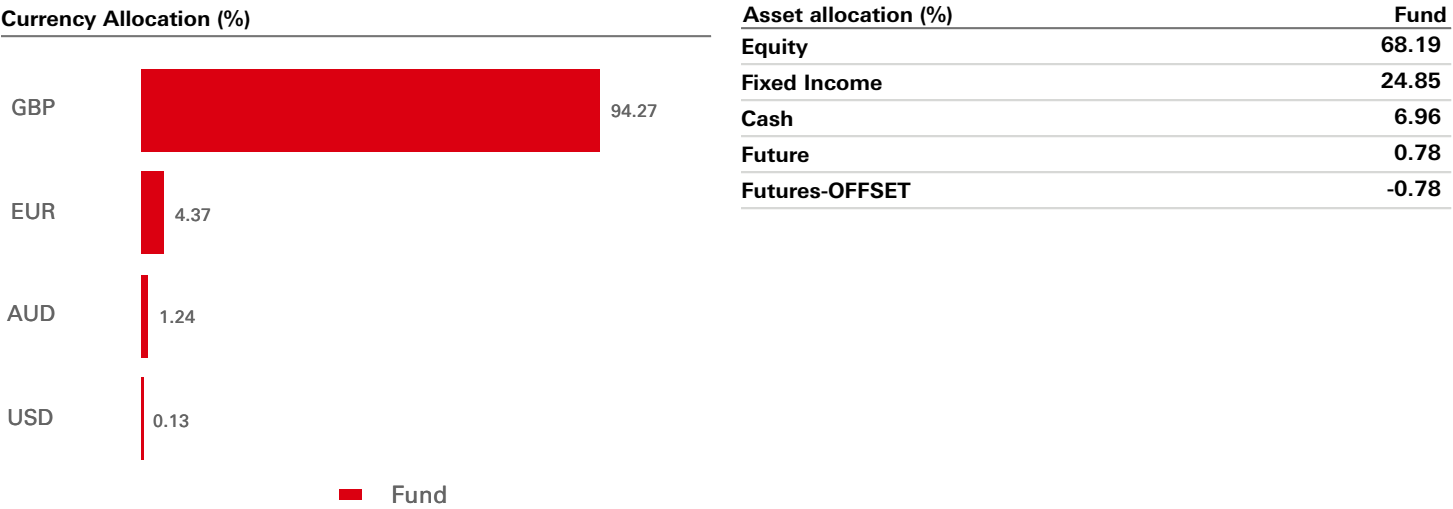
This is a marketing communication. Please refer to the prospectus and to the KID before making any final investment decisions.

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

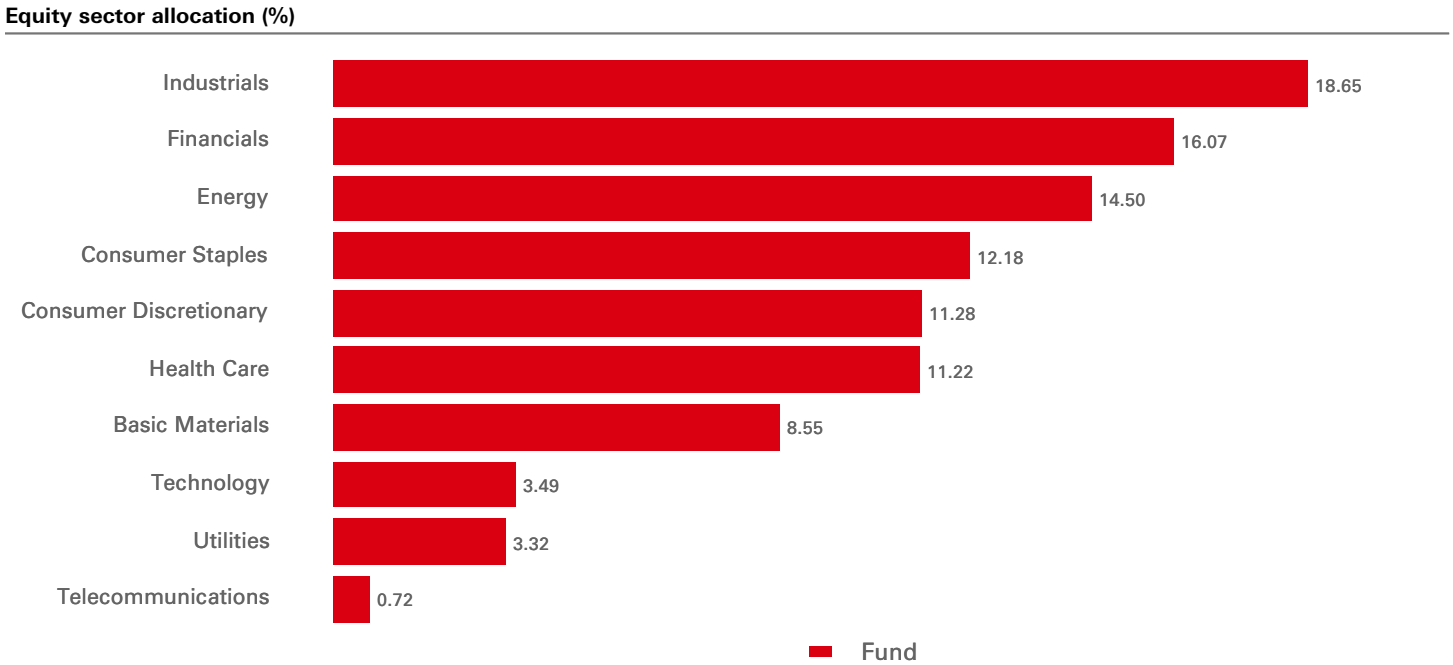
Source: HSBC Asset Management, data as at 29 February 2024

Performance (%)	YTD	1 month	3 months	6 months	1 year	3 years ann	5 years ann	10 years ann
Acc C	-1.37	-0.41	3.24	4.67	2.20	4.33	2.80	2.91
Reference Benchmark	-1.24	-0.06	3.25	4.78	2.36	4.27	3.68	4.42

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
Acc C	2.20	3.25	7.61	0.72	0.39	-0.27	1.28	14.62	-5.41	6.01
Reference Benchmark	2.36	1.17	9.48	3.33	2.29	1.90	3.52	20.09	-5.60	7.54



Top 10 holdings	Weight (%)
Shell PLC	5.78
BP PLC	4.11
GSK PLC	3.98
BAE Systems PLC	3.38
HSBC Holdings PLC	3.35
AstraZeneca PLC	3.02
Rio Tinto PLC	2.85
Compass Group PLC	2.48
Barclays PLC	2.06
Taylor Wimpey PLC	1.94



Instrument type allocation (%)	Fund	Reference Benchmark	Relative
Corporate Bond	58.40	--	--
Euro Medium Term Note	25.82	--	--
Government Bond	12.26	--	--
Perpetual Bonds	3.51	--	--

Monthly performance commentary

Equity

At sector level, stock selection was negative for the month. Positive performance came from Basic Materials and Health Care, though this was offset by negative stock selection in Consumer Discretionary and Industrials.

Basic Materials security, GLENCORE PLC with total effect 0.25% was the top contributor. Additionally, Financials security, BARCLAYS PLC was the second largest contributor with total effect 0.24%. Consumer Staples security, RECKITT BENCKISER GROUP PLC also contributed with total effect 0.23%.

On the other side, detractors included Consumer Discretionary security BARRATT DEVELOPMENTS PLC with total effect -0.28%, Industrials holding, ROLLS-ROYCE HOLDINGS PLC with total effect -0.25%, and Consumer Discretionary holding, TAYLOR WIMPEY PLC with total effect -0.20%.

During this period, no positions were opened or closed.

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

Fixed Income

The fixed income assets value decreased in February by -0.66%, underperforming the benchmark by 2bps. Global government bond yields rose over the month, as central bankers endeavored to pare back expectations of near-term rate cuts amid unexpectedly strong economic growth. IG, HY and EM credit markets tightened over the month.

Outlook

February was a strong month for credit markets. Global investment grade (IG) tightened 4bp as measured by the Bloomberg Global Aggregate Corporate Index while global high yield (HY) tightened 36bp according to the ICE BofA Global High Yield Index. Emerging markets (EM) performed strongly, with JP Morgan's Emerging Bond Index Global Government Index tightening 29bp while EM IG tightened 12bp and EM HY tightened 68bp. Asia HY generated a positive return of around 2%.

Generally, we remain modestly constructive on the overall credit outlook. Overall, we think spreads across all currencies are beginning to look tighter from a valuation perspective and so we have trimmed down some risk from portfolios. The market continues to remain fixated on when, and by how much, the Fed will cut interest rates. The bias is to continue maintaining an overweight carry positioning, given that both yields and spreads in certain pockets of the credit market continue to offer attractive opportunities.

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 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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