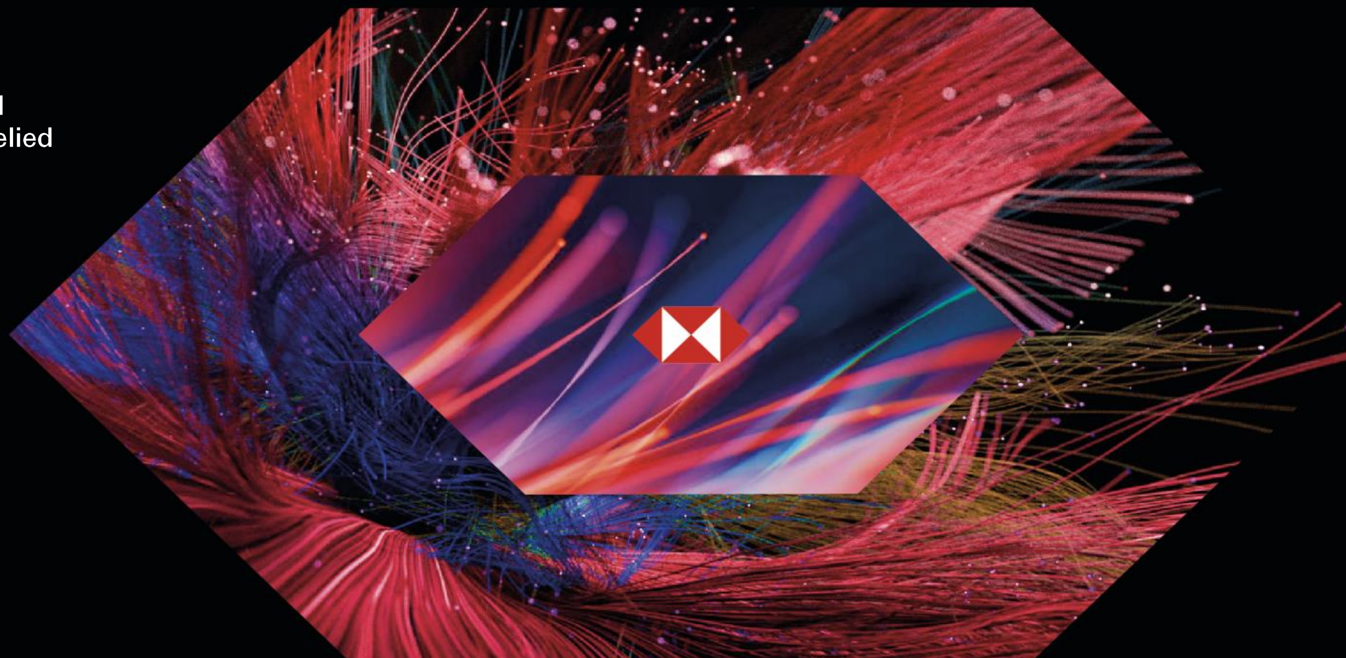
Investment Monthly

Higher for a bit longer

May 2024

For Professional Clients only and should not be distributed to or relied upon by Retail Clients.



HSBC Asset Management

Summary

Macro Outlook

- **Global growth trends remain resilient despite restrictive policy.** The last mile of disinflation has not been straightforward, but we expect the trend to re-establish itself later this year
- **The economy is in the final approach to the soft landing.** But further ahead is a 'danger zone' of risks to navigate, including elections, geopolitics, climate change and questions over the outlook for longer-term growth
- **The big story in emerging markets continues to be one of divergence.** Growth in India continues to impress, while there is more evidence that Chinese policy support is working despite lingering growth headwinds

Policy Outlook

- **Resilient growth has seen markets continue to price-out expected Fed policy easing this year.** We expect that central banks in Europe and the UK will be able to cut rates this summer, ahead of the Fed
- **The DM fiscal policy stance** is expected to act as a slight drag on growth in 2024. But public deficits are likely to remain large, with no expected return to the fiscal conservatism of the 2010s
- **While EM countries in Latam and Europe have led the global easing cycle,** the near-term path could yet be choppy, particularly given the strong US dollar and resilient US growth data keeping Fed policy tighter for longer

House View

- **We continue to expect a 'softish' landing**, but resilient growth and potentially tighter-for-longer policy creates an uncertain outlook. With valuations stretched in places, we take a cautious view on western risk assets
- **That means putting cash to work in portfolios,** with a 'defensive growth' positioning that includes selective exposures to fixed income, risk assets, and private markets
- **We see opportunities outside the US, especially in the EM and Frontier space.** We also see a key portfolio role for alternatives (especially private credit, hedge funds, infrastructure, and real estate)

Scenarios

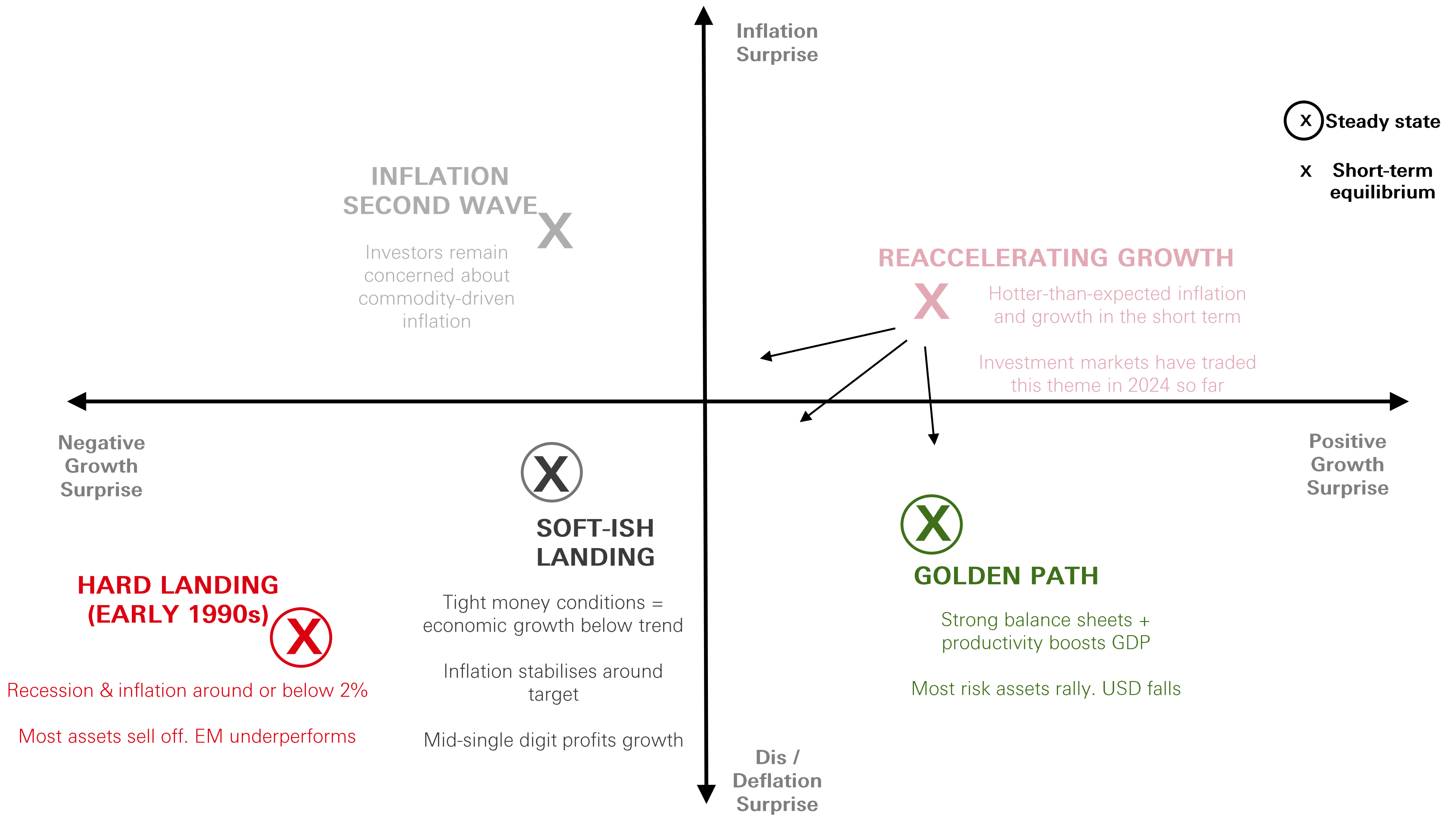
SOFTISH LANDING	Inflation stabilises around target. Tight monetary conditions mean GDP growth is below trend. Profit growth is in mid-single digits
HARD LANDING	Recession and inflation are around or below 2%. Most assets sell off. EM underperforms
GOLDEN PATH	Strong balance sheets and productivity will boost GDP. Most risk assets rally. USD falls

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

Source: HSBC Asset Management as at May 2024.

Macro scenarios in 2024

Our macro scenarios in context



Source: HSBC Asset Management as at May 2024. For illustration purposes only.

House view

In the final approach to the soft landing, sticky inflation, potentially tighter-for-longer policy, and geopolitical tensions all present risks. Our preference is for **a defensive investment strategy** with a bias to quality and selectivity in stocks and credits, especially in Asia and Frontier markets, and a role for alternative assets

- **Equities** – If the soft-landing sticks, there is room for stock market sentiment to strengthen. But valuations are high in places, and we see better priced growth opportunities beyond the US, especially in EM and Frontier regions
- **Government bonds** – Sticky core inflation and resilient growth has led to a pricing-out of expected rate cuts, with 10-year Treasury yields moving higher in in April. Yields could fall on signs that disinflation is reasserting itself
- **Corporate bonds** – We see selective opportunities to put cash to work in global corporate bonds, particularly in global investment grade and securitised credits. All-in yields and a robust profits backdrop keeps credit supported

Equities

Asset Class	House view	View move
Global	▼	–
US	▼	–
UK	▼	–
Eurozone	▼	–
Japan	▲	–
Emerging Markets (EM)	▲	–
CEE & Latam	↔	–
Frontier	▲	–

Government bonds

Asset Class	House view	View move
Developed Market (DM)	↔	–
US	▲	–
UK	▲	–
Eurozone	↔	–
Japan	▼	–
Inflation-linked bonds	↔	–
EM (local currency)	▲	–

Corporate bonds

Asset Class	House view	View move
Global investment grade (IG)	↔	–
USD IG	↔	–
EUR & GBP IG	▲	–
Asia IG	↔	–
Global high-yield	↔	–
US high-yield	▼	–
Europe high-yield	▼	–
Asia high-yield	↔	–
Securitised credit	▲	–
EM aggregate bond (USD)	▲	–

FX & Alternatives

Asset Class	House view	View move
Gold	▲	–
Other commodities	↔	–
Real estate	▲	–
Infrastructure	▲	–
Hedge funds	▲	–
Private equity	↔	–
US dollar	▼	–
Crypto	▼	–

Asian assets

Asset Class	House view	View move
Asia local bonds	▲	–
RMB bonds	↔	–
Asia ex-Japan equities	▲	–
China	▲	–
India	▲	–
ASEAN	↔	–
Hong Kong	▲	–
Asia FX	▲	–

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Positive
↔ Neutral
▼ Negative

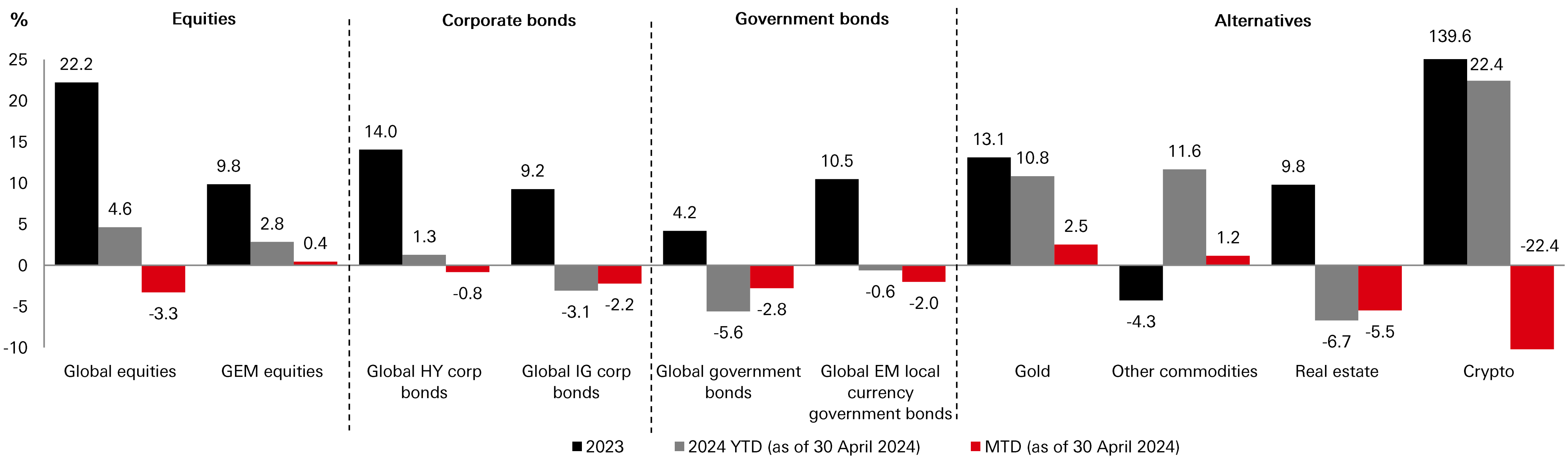
View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

Source: HSBC Asset Management as at May 2024.

Asset class performance at a glance

Global equities fell in April after five consecutive months of gains. Risk appetite weakened amid concerns about higher-for-longer rates and rising geopolitical tensions. EM equities proved more resilient

- **Government bonds** – US Treasury yields rose during the month as sticky inflation altered investors' belief in imminent rate cuts. European yield increases were less pronounced amid ongoing evidence of regional disinflation
- **Equities** – DM equities fell as near-term rate cuts were priced out, after many markets hit fresh all-time highs in March. Conversely, the more modestly valued EM space picked up momentum, led by improving sentiment in China
- **Alternatives** – Gold prices performed well despite higher rates, on the back of perceived safe-haven demand. Commodities and crude oil were also resilient. Crypto fell sharply after hitting a record high in March



Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Source: Bloomberg, all data above as of close of 30 April 2024 in USD, total return, month-to-date terms. Note: Asset class performance is represented by different indices. **Global Equities:** MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities**: MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return Index unhedged. **Government bonds**: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. **Commodities and real estate:** Gold Spot $/OZ/ Other commodities: S&P GSCI Total Return CME. **Real Estate**: FTSE EPRA/NAREIT Global Index TR USD. **Crypto**: Bloomberg Galaxy Crypto Index.

Base case views and implications

	Monthly macroeconomic update	Base case view and implications
US	◆ **Federal Reserve** Chairman Powell cautioned that US rates are likely to stay at current levels "for longer than expected" due to a "lack of progress" on inflation, mirroring comments from other FOMC members amid continued robust US domestic demand ◆ **US** core CPI inflation rose 0.4% month-on-month in March, for the third consecutive month. Goods sector price pressures have largely normalised, service sector inflation remains sticky amid stubbornly high rents and rising vehicle-related service prices	◆ The longer interest rates are frozen at restrictive levels, the more likely they are to bite the economy. That may create problems further down the road, even challenging the widely-held assumption of investors for a 'soft' or 'no landing' ◆ Overall, we remain overweight **US Treasuries** versus equities given their relative valuations / yields
Europe	◆ **Eurozone** Q1 GDP rose 0.3% quarter-on-quarter, signalling a resumption of growth. Headline inflation was unchanged at 2.4% in April while core inflation eased, led by disinflation in the goods sector. Service sector inflation remains sticky ◆ **UK** CPI headline inflation inched lower to 3.2% in March, from 3.4% in February, but service sector inflation remains elevated. The composite PMI index rose further in April, led by the services sector. Manufacturing confidence saw renewed weakness	◆ Apart from the UK, **European equities** were generally weak in April despite improving earnings revisions. Signs of macro improvements across the eurozone are encouraging but the data is still mixed. Valuations remain relatively modest ◆ In **European government bonds**, ECB rate cuts this summer remain the focus. Peripheral spreads continue to look tight
Asia	◆ **Chinese Q1 GDP** surprised on the upside, rising 1.6% quarter-on-quarter, supported by strong manufacturing investment and exports. However, March data were disappointing, with retail sales growth slowing. Weakness persists in the property sector ◆ **India's** growth remains strong. Inflation eased to 4.9% year-on-year in April, from 5.1% in March, but further evidence of a sustained fall in inflation is needed before policy rates are cut. **Bank of Indonesia** surprisingly raised rates 25bp to ensure currency stability ◆ **BoJ** left policy on hold in April. BoJ governor Ueda was dovish, signalling gradual tightening amid the uncertain outlook. BoJ upgraded its FY24 CPI (excluding energy) forecast to 2.8%, with FY25 and FY26 inflation projections remaining just below 2%	◆ **Chinese equities** are supported by favourable valuations and ongoing policy measures. Underweighting China could be a risk, though macro challenges are keeping investors cautious ◆ **Indian equities** are underpinned by strong economic momentum, solid earnings growth and structural tailwinds. High valuations (particularly in small-/mid-cap stocks) remain a concern ◆ **ASEAN equities** showed relatively mixed earnings growth across various markets. Country selection makes sense, with potentially defensive qualities remaining attractive
Other EM	◆ In **Latin America**, higher-for-longer US rates have pressured local currencies against the US dollar, reducing scope for rate cuts in 2024. A majority of Banxico central bank members have turned hawkish, pointing to no rate cut in May. Recent comments from the Banco de Central Brazil have hinted at a slower pace of easing in coming months ◆ Diverging monetary policy stances are evident in **Eastern Europe.** Hungary lowered rates 50bp in April whilst Turkey kept policy rates at 50% as it attempts to quell inflation ◆ In **MENA** Saudi Arabia is diversifying away from fossil fuels, focusing on (1) green energy; (2) digitalisation and (3) tourism in its 2030 Vision. Gulf members recently provided financial support for Egypt as the IMF signed a USD8bn loan deal	◆ In **EM equities,** the macro cycle/growth outlook remains a relative bright spot. Plus, lower equity valuations mean more resilience to disappointment. EM equities also offer potential diversification benefits due to idiosyncratic trends within EM as seen in the varied EPS revisions over the past few months ◆ For **local-currency EM government bonds**, we remain overweight Brazil, Indonesia, Mexico, Peru and South Africa

Source: HSBC Asset Management as at April 2024.

Asset class positioning

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Positive
↔ Neutral
▼ Negative

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

	Asset class	House view	View change	Comments
Equities	**Global**	▼	–	Investor sentiment is buoyed by high confidence in the soft landing, and leadership from quality growth. But as investor perceptions shift, the market is discounting a lot of good news. Risks of an adverse surprise are rising, even if an imminent growth collapse looks unlikely
Equities	US	▼	–	Positive momentum in equities driven by robust earnings and expectations of rate cuts has left valuations stretched in some areas. Risks of a slowdown do not appear to be priced in, with declining consumer savings and tighter credit conditions potentially posing a risk to profitability
Equities	UK	▼	–	Positive macro surprises have boosted sentiment, with expectations that rates will fall later in 2024. The UK market benefits from relatively cheap valuations that could see upside from increasing M&A activity. Resurgent wage growth could delay rate cuts and pose challenges for earnings
Equities	Eurozone	▼	–	Eurozone activity has shown early signs of improvement, but any recovery is likely to be gradual given still restrictive policy rates. The eurozone potentially offers value and cyclical exposure, partially linked to China. EPS expectations have moderated and look achievable in 2024
Equities	Japan	▲	–	The outlook for Japanese stocks remains supported by a robust earnings outlook and attractive valuations. Corporate governance reforms have boosted sentiment, but cyclical exposure could be sensitive to a global growth slowdown
Equities	Emerging Markets (EM)	▲	–	The EM growth outlook is a relative bright spot in a global context, with disinflation and anticipation of future Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
Equities	CEE & Latam	↔	–	In Central and Eastern Europe, central banks retain a cautious policy stance amid still high inflation, while the region's growth recovery remains weak. In Latam, earnings growth forecasts have moderated, but the domestic backdrop is supported by rate cuts
Equities	Frontier Markets	▲	–	Frontier market equities continue to perform well overall. Frontier economies are spread across different geographies and have highly varied economic characteristics, which contributes to lower correlation of returns and less volatility versus EM and DM indices
Government bonds	**Developed Markets (DM)**	↔	–	Despite some strong recent economic data, we continue to see downside growth risks and further, and expect central banks to cut rates from the second half of 2024. This should boost the performance of bonds, which are also offering improved term premia
Government bonds	US	▲	–	Yields have risen over the course of H1, driven by resilient growth and inflation data. However, the Fed is still likely to cut interest rates from mid-2024, and growth could disappoint expectations in H2. We anticipate yield curve steepening by the end of the year
Government bonds	UK	▲	–	Gilt yields are expected to trend lower later in 2024, mirroring the anticipated trajectory of US and eurozone bonds, as easing inflation boosts sentiment. Sizeable Gilt issuance over the next year could reignite supply worries, exerting upward pressure on longer-dated yields
Government bonds	Eurozone	↔	–	With the ECB signalling that policy easing may begin in June and growth indicators remaining lacklustre, we see scope for yield compression. However, caution is warranted on peripheral bonds given rapid spread tightening in recent months even if short-term dynamics look favourable
Government bonds	Japan	▼	–	The Bank of Japan has ended its negative interest rate policy and yield curve control framework, which should lead to a gradual normalisation, although conditions will likely remain accommodative. With minimal bond risk premia, we remain underweight Japanese government bonds
Government bonds	Inflation-linked bonds	↔	–	The inflation outlook remains uncertain, so a portfolio allocation to global inflation-linked bonds could make sense. Nevertheless, linkers may underperform nominal bonds as global disinflation continues and as inflation expectations moderate
Government bonds	**EM local currency**	▲	–	EM local-currency bonds have performed well. Proactive central banks in Latam and Europe are leading the global cutting cycle. And many economies have seen rapid disinflation. We remain overweight Brazil, Indonesia, Mexico, Peru and South Africa

Source: HSBC Asset Management as at May 2024.

Asset class positioning

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Positive
↔ Neutral
▼ Negative

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

	Asset class	House view	View change	Comments
Corporate bonds	**Global investment grade (IG)**	↔	–	We see selective opportunities in global corporate bonds, particularly in global investment grade and securitized credits. With a stronger term premium in global bonds, we also prefer duration
Corporate bonds	USD IG	↔	–	US IG credit is expensive with most non-financial spreads at or near cyclical tights. All-in yields continue to support inflows. Fundamental metrics remain in good shape, and with a better macro backdrop they should prevent significant spread-widening
Corporate bonds	EUR and GBP IG	▲	–	We retain a largely constructive view on EU IG. Current valuation levels offer fair compensation for the underlying growth, liquidity and default risks. A soft/no landing scenario could be positive for risky assets in general and IG credit in particular
Corporate bonds	Asia IG	↔	–	Asia IG provides opportunities for carry strategies given resilient macro fundamentals and manageable default risks (exc. the property sector). Chinese policy support and subsiding risks from 'fallen angels' are positives, but global macro challenges persist
Corporate bonds	**Global high-yield (HY)**	↔	–	Valuations are expensive with spreads falling sharply in recent months. The market prices a global soft landing. But the tight spreads in HY are offset by a high 'all in' yield. And corporate fundamentals are not a source of concern
Corporate bonds	US HY	▼	–	Valuations have become expensive with spreads collapsing in recent months amid hopes of policy easing by the Fed. We see relatively tight valuations in HY offset by still attractive all-in yields
Corporate bonds	Europe HY	▼	–	Current valuations are stretched given the unfavourable macro backdrop of barely-positive growth and high real interest rates. The market is relying on expected policy easing in the coming months to maintain the benign environment for risk assets
Corporate bonds	Asia HY	↔	–	Valuations are increasingly expensive and may already have priced in potential policy easing. The global macro outlook remains the key uncertainty, but economic resilience within Asia, and China policy action, support the credit market near term
Corporate bonds	**Securitised credit**	▲	–	Spreads remain in the middle of the range since 2009 so there is long-term value in securitised credit despite recent tightening. As long as rates remain high, floating securitised credit can generate high income as base rates feed directly into the income paid
Corporate bonds	**EM aggregate bond (USD)**	▲	–	EM credit spreads can benefit as Fed rate cuts approach, but this prospect has already driven a re-rating of the asset class. Spreads are at historic tights and it is difficult to see further compression, although we remain cyclically-constructive
FX & Alternatives	**Gold**	▲	–	The gold price broke to new highs in 2024. The outlook depends on the timing of Fed rate cuts and the course of the USD and US yields. Performance as a risk-off diversifier is unreliable, but geopolitical tensions and financial market volatility have been supportive
FX & Alternatives	**Other commodities**	↔	–	Geopolitical tensions have emerged as a heightened risk factor. China's economic story will be a critical driver, with a meaningful recovery likely to provide a boost to prices. OPEC+ market management is also a key influence on oil prices
FX & Alternatives	**Real estate**	▲	–	In a more benign macro environment, real estate sub-sectors with a more secure income profile and lower leverage should outperform. Following recent price corrections driven by higher interest rates, there may be opportunities for value-add or opportunistic strategies to acquire at a low base
FX & Alternatives	**Infrastructure**	▲	–	Infrastructure debt currently offers stronger expected returns than global credits, and exhibits lower spread volatility during economic slowdowns. It has strong defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition
FX & Alternatives	**Hedge funds**	▲	–	Hedge funds can be good diversifiers while we remain in a high inflation environment and should there be sharp upticks in volatility. Macro and CTA strategies can be particularly attractive alternatives to bonds when there are positive stock-bond correlations
FX & Alternatives	**Private equity**	↔	–	With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. But economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta
FX & Alternatives	**US dollar**	▼	–	We expect the USD to weaken over the medium-term amid disinflation and growth weakness, but a cautious Fed and strong US economy could delay the timing. Factors supporting the dollar include persistent US exceptionalism and election risk
FX & Alternatives	**Crypto**	▼	–	Crypto prices have performed well year-to-date amid recent ETF approvals, although performance remains highly volatile. Regulatory hurdles remain a key concern

Source: HSBC Asset Management as at May 2024.

Asset class positioning

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Positive
↔ Neutral
▼ Negative

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

	Asset class	House view	View change	Comments
Asian assets	**Asia local bonds**	▲	–	The medium-term outlook is stable, supported by a solid macro backdrop in the region, with some markets benefiting from high carry. However, a potential delay in monetary policy easing amid fading optimism over US rate cuts may trigger some volatility in the short term
	RMB bonds	↔	–	More proactive liquidity and targeted credit support are likely, and mild rate cuts cannot be ruled out in addition to the already accommodative monetary backdrop. Although long-term diversification benefits remain intact, strong primary supply could limit the upside in the medium term
	Asia ex-Japan equities	▲	–	Overall valuations remain fair, and Chinese policy activism is rebuilding investor confidence in the market. India's fundamentals are supportive, with strong EPS growth despite elevated valuations. Korea and Taiwan continue to benefit from the upswing in the semiconductor cycle
	China equities	▲	–	Equity valuations are appealing, with strong earnings performance remaining possible should ongoing policy measures continue to filter through. Downside risks still linger from a prolonged property market downturn, softening domestic demand and weak consumer sentiment
	India equities	▲	–	Rich valuations remain a concern (particularly in small and mid-cap stocks), but firms are benefiting from solid earnings growth potential, a strong structural story, and a resilient macro backdrop. The RBI maintains a tightening bias, but rates should have peaked as disinflation continues
	ASEAN equities	↔	–	The region continues to see mixed performance, with relatively muted overall earnings growth. Heightened FX volatility is a concern in the short-term but the resilient macro backdrop and supply-chain relocations to the region should be supportive, with defensive qualities staying attractive
	Hong Kong equities	▲	–	External headwinds and faltering domestic economic momentum are concerns. Appealing valuations and policy support to reinforce Hong Kong's financial hub status are positive, with the pace of recovery in the local property market still in focus after the removal of home-buying curbs
	Asia FX	▲	–	Cooling Fed rate cut expectations could heighten FX volatility in the short run, but the overall macro backdrop stays supportive, with potential USD weakness still a medium-term benefit. Dispersion in currency pairs may extend depending on economic performance and fiscal status

Source: HSBC Asset Management as at May 2024.

Market data
April 2024

Equity Indices	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World								
MSCI AC World Index (USD)	757	-3.4	3.5	15.5	4.1	786	628	17.7
North America								
US Dow Jones Industrial Average	37,816	-5.0	-0.9	10.9	0.3	39,889	32,327	18.8
US S&P 500 Index	5,036	-4.2	3.9	20.8	5.6	5,265	4,048	20.7
US NASDAQ Composite Index	15,658	-4.4	3.3	28.1	4.3	16,539	11,925	28.0
Canada S&P/TSX Composite Index	21,715	-2.0	3.3	5.2	3.6	22,380	18,692	14.7
Europe								
MSCI AC Europe (USD)	545	-2.3	2.3	4.9	2.2	562	459	13.9
Euro STOXX 50 Index	4,921	-3.2	5.9	12.9	8.8	5,122	3,993	13.7
UK FTSE 100 Index	8,144	2.4	6.7	3.5	5.3	8,208	7,216	11.9
Germany DAX Index*	17,932	-3.0	6.1	12.6	7.0	18,567	14,630	13.0
France CAC-40 Index	7,985	-2.7	4.3	6.6	5.9	8,254	6,774	13.9
Spain IBEX 35 Index	10,854	-2.0	7.7	17.5	7.4	11,228	8,879	10.8
Italy FTSE MIB	33,747	-2.9	9.8	24.6	11.2	34,908	26,000	9.2
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	539	0.3	7.1	4.8	1.9	546	469	14.0
Japan Nikkei-225 Stock Average	38,406	-4.9	5.8	33.1	14.8	41,088	28,932	22.3
Australian Stock Exchange 200	7,664	-2.9	-0.2	4.9	1.0	7,911	6,751	16.7
Hong Kong Hang Seng Index	17,763	7.4	14.7	-10.7	4.2	20,361	14,794	9.1
Shanghai Stock Exchange Composite Index	3,105	2.1	11.3	-6.6	4.4	3,419	2,635	11.3
Hang Seng China Enterprises Index	6,274	8.0	20.8	-6.4	8.8	7,024	4,943	8.4
Taiwan TAIEX Index	20,397	0.5	14.0	30.9	13.8	20,884	15,424	18.2
Korea KOSPI Index	2,692	-2.0	7.8	7.6	1.4	2,779	2,274	10.7
India SENSEX 30 Index	74,483	1.1	3.8	21.9	3.1	75,124	61,002	21.3
Indonesia Jakarta Stock Price Index	7,234	-0.7	0.4	4.6	-0.5	7,454	6,563	12.9
Malaysia Kuala Lumpur Composite Index	1,576	2.6	4.2	11.3	8.3	1,591	1,369	13.9
Philippines Stock Exchange PSE Index	6,700	-2.9	0.8	1.1	3.9	7,071	5,920	11.2
Singapore FTSE Straits Times Index	3,293	2.1	4.4	0.7	1.6	3,393	3,042	10.7
Thailand SET Index	1,368	-0.7	0.3	-10.5	-3.4	1,579	1,330	14.8
Latam								
Argentina Merval Index	1,323,586	9.1	5.0	344.2	42.4	1,372,559	281,361	8.2
Brazil Bovespa Index*	125,924	-1.7	-1.4	20.6	-6.2	134,392	101,064	8.0
Chile IPSA Index	6,512	-2.0	8.8	20.2	5.1	6,731	5,333	10.5
Colombia COLCAP Index	1,357	1.8	6.3	13.2	13.6	1,426	1,045	7.1
Mexico S&P/BMV IPC Index	56,728	-1.1	-1.1	2.9	-1.1	59,021	47,765	12.2
EEMEA								
Russia MOEX Index	3,470	4.1	8.0	31.7	12.0	3,488	2,484	3.2
South Africa JSE Index	76,076	2.1	2.0	-2.7	-1.1	79,212	69,128	12.2
Turkey index	9,645.0	9,142.4	8,496.7	4,617.9	7,470.2	10,286.6	4,311.4	4.7

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2024. (*) Indices expressed as total returns. All others are price returns.

Market data (continued)

April 2024

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	4.0	4.6	17.5	13.4	57.0	2.0
US equities	4.1	5.7	22.8	22.0	81.1	1.4
Europe equities	3.4	3.2	7.5	12.4	38.9	3.2
Asia Pacific ex Japan equities	7.7	2.5	7.5	-16.5	13.4	2.9
Japan equities	1.0	5.6	19.2	7.7	36.4	2.0
Latam equities	-2.7	-7.3	15.2	25.4	15.1	5.3
Emerging Markets equities	7.8	2.8	9.9	-16.1	9.8	2.7

All total returns quoted in USD terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Latam Total Return Index and MSCI Emerging Markets Total Return Index.

Bond indices - Total Return	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	552	-1.6	-1.4	1.9	-1.6
JPM EMBI Global	843	-2.0	0.5	6.8	-0.6
BarCap US Corporate Index (USD)	3,127	-2.5	-2.8	1.0	-2.9
BarCap Euro Corporate Index (Eur)	245	-0.8	-0.5	5.2	-0.4
BarCap Global High Yield (USD)	577	-0.6	1.8	12.2	2.0
BarCap US High Yield (USD)	2493	-0.9	0.5	9.0	0.5
BarCap pan-European High Yield (USD)	554	0.0	1.1	12.5	2.0
BarCap EM Debt Hard Currency	416	-1.6	0.3	6.2	-0.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	214	-1.1	-0.3	3.1	0.1
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	243	0.0	3.2	7.0	6.0

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2024. Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Market data (continued)
April 2024

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2023
US Treasury yields (%)					
3-Month	5.39	5.36	5.36	5.03	5.33
2-Year	5.04	4.62	4.21	4.01	4.25
5-Year	4.72	4.21	3.84	3.48	3.85
10-Year	4.68	4.20	3.91	3.42	3.88
30-Year	4.78	4.34	4.17	3.67	4.03
Developed market 10-year bond yields (%)					
Japan	0.87	0.72	0.73	0.39	0.61
UK	4.35	3.93	3.79	3.72	3.53
Germany	2.58	2.30	2.17	2.31	2.02
France	3.05	2.81	2.66	2.88	2.56
Italy	3.91	3.68	3.72	4.17	3.69
Spain	3.35	3.16	3.09	3.36	2.98

Commodities	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	2,286	2.5	12.1	14.9	10.8	2,432	1,811
Brent Oil	87.9	0.4	7.5	10.5	14.0	98	71
WTI Crude Oil	81.9	-1.5	8.0	6.7	14.3	95	64
R/J CRB Futures Index	291	0.4	7.0	8.7	10.5	298	254
LME Copper	9,991	12.7	16.1	16.2	16.7	10,208	7,856

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2024.

Market data (continued)
April 2024

Currencies (vs USD)	Latest	End of last mth.	3-mths Ago	1-year Ago	Year End 2023	52-week High	52-week Low
Developed markets							
DXY index	106.22	104.49	103.27	101.66	101.33	107.35	99.58
EUR/USD	1.07	1.08	1.08	1.10	1.10	1.13	1.04
GBP/USD	1.25	1.26	1.27	1.26	1.27	1.31	1.20
CHF/USD	1.09	1.11	1.16	1.12	1.19	1.20	1.08
CAD	1.38	1.35	1.34	1.36	1.32	1.39	1.31
JPY	157.8	151.4	146.9	136.3	141.0	160.2	133.8
AUD	1.54	1.53	1.52	1.51	1.47	1.59	1.45
NZD	1.70	1.67	1.63	1.62	1.58	1.73	1.56
Asia							
HKD	7.82	7.82	7.82	7.85	7.81	7.85	7.79
CNY	7.24	7.22	7.17	6.92	7.10	7.35	6.91
INR	83.44	83.41	83.04	81.83	83.21	83.58	81.67
MYR	4.77	4.73	4.73	4.46	4.59	4.81	4.43
KRW	1,382	1,347	1,335	1,339	1,291	1,400	1,257
TWD	32.58	31.98	31.29	30.75	30.58	32.67	30.49
Latam							
BRL	5.19	5.01	4.96	4.99	4.85	5.29	4.70
COP	3,922	3,859	3,916	4,697	3,875	4,621	3,739
MXN	17.14	16.56	17.21	18.00	16.97	18.49	16.26
ARS	876.72	857.67	826.34	222.64	808.48	878.41	225.62
EEMEA							
RUB	93.45	92.46	89.85	79.88	89.47	102.36	75.14
ZAR	18.78	18.88	18.68	18.29	18.36	19.92	17.42

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2024.

Important information

Basis of Views and Definitions of 'Asset class positioning' tables

- Views are based on regional HSBC Asset Management Asset Allocation meetings held throughout **April 2024**, HSBC Asset Management's long-term expected return forecasts which were generated as at **31 March 2024**, our portfolio optimisation process and actual portfolio positions.
- **Icons:** ↑ View on this asset class has been upgraded **–** No change ↓ View on this asset class has been downgraded.
- Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- "*Overweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- "*Underweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- "*Neutral*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 March 2024.**
- Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 April 2024**.

Follow us on:

LinkedIn:
HSBC Asset Management

Website:
assetmanagement.hsbc.com

Important information

For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in the US. This document should not be distributed to or relied upon by Retail clients/investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The capital invested in the fund can increase or decrease and is not guaranteed. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Asset Management at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities that may be provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). The above communication is distributed by the following entities:

- in Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N°1;
- in Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority;
- in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbif.cl;
- in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- in France, Belgium, Netherlands, Luxembourg, Portugal, Greece by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin (German clients) respective by the Austrian Financial Market Supervision FMA (Austrian clients);

Follow us on:

LinkedIn:
HSBC Asset Management

Website:
assetmanagement.hsbc.com

- in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission. This video/content has not be reviewed by the Securities and Futures Commission;
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- in Mexico by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- in the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. and the Securities and Commodities Authority in the UAE under SCA license number 602004 for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group and HSBC Global Asset Management MENA are marketing the relevant product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA may not be licensed under the laws of the recipient's country of residence and therefore may not be subject to supervision of the local regulator in the recipient's country of residence. One of more of the products and services of the manufacturer may not have been approved by or registered with the local regulator and the assets may be booked outside of the recipient's country of residence.
- in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. The content in the document/video has not been reviewed by the Monetary Authority of Singapore;
- in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website; if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

0720-24 EXP 01.05.2025

Follow us on:

LinkedIn:
HSBC Asset Management

Website:
assetmanagement.hsbc.com