Investment Monthly

Closer to cuts?

April 2024

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HSBC Asset Management

Summary

Macro Outlook

- **Latest data hints at a "soft landing" for the economy.** The key conditions required are (1) continued steady economic growth, (2) ongoing disinflation, (3) solid labour markets, and (4) a positive profit picture
- **Economic risks could persist later in the year,** notably in the US, even if the soft landing is secured. Geopolitics, elections and restrictive policy could all impact the economic and market outlook
- **Economic performance remains divergent in emerging economies.** India looks set to be the fastest growing economy in 2024, whilst China faces several growth headwinds, including the struggling property sector, low consumer confidence and lingering deflation pressures

Policy Outlook

- Rate markets have priced-out cuts from the major central banks amid stronger macro data and central bank comments. But central bankers are still eyeing a summer policy pivot. We see **the first interest rate cuts in mid-2024**, with policy easing continuing in H2
- **Fiscal policy is expected to act as a slight drag on growth in 2024** in western economies. But we do not expect a return to 2010s-style austerity
- **EM central banks have been leading the global easing cycle, with rate cuts in Latam and Europe.** We expect this to continue. Asia central banks should ease policy during H2 2024. Policy support in China remains measured and targeted

House View

- Our baseline macro scenario is for a soft-ish landing. But the data flow is likely to be bumpy and the outlook remains uncertain. Risk asset valuations are stretched in many areas. That means that any deterioration in corporate fundamentals could create market volatility
- **That calls for a 'defensive growth' positioning in portfolios**. This 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 see a key portfolio role for alternatives (especially private credit, hedge funds, infrastructure, and real estate)

Scenarios

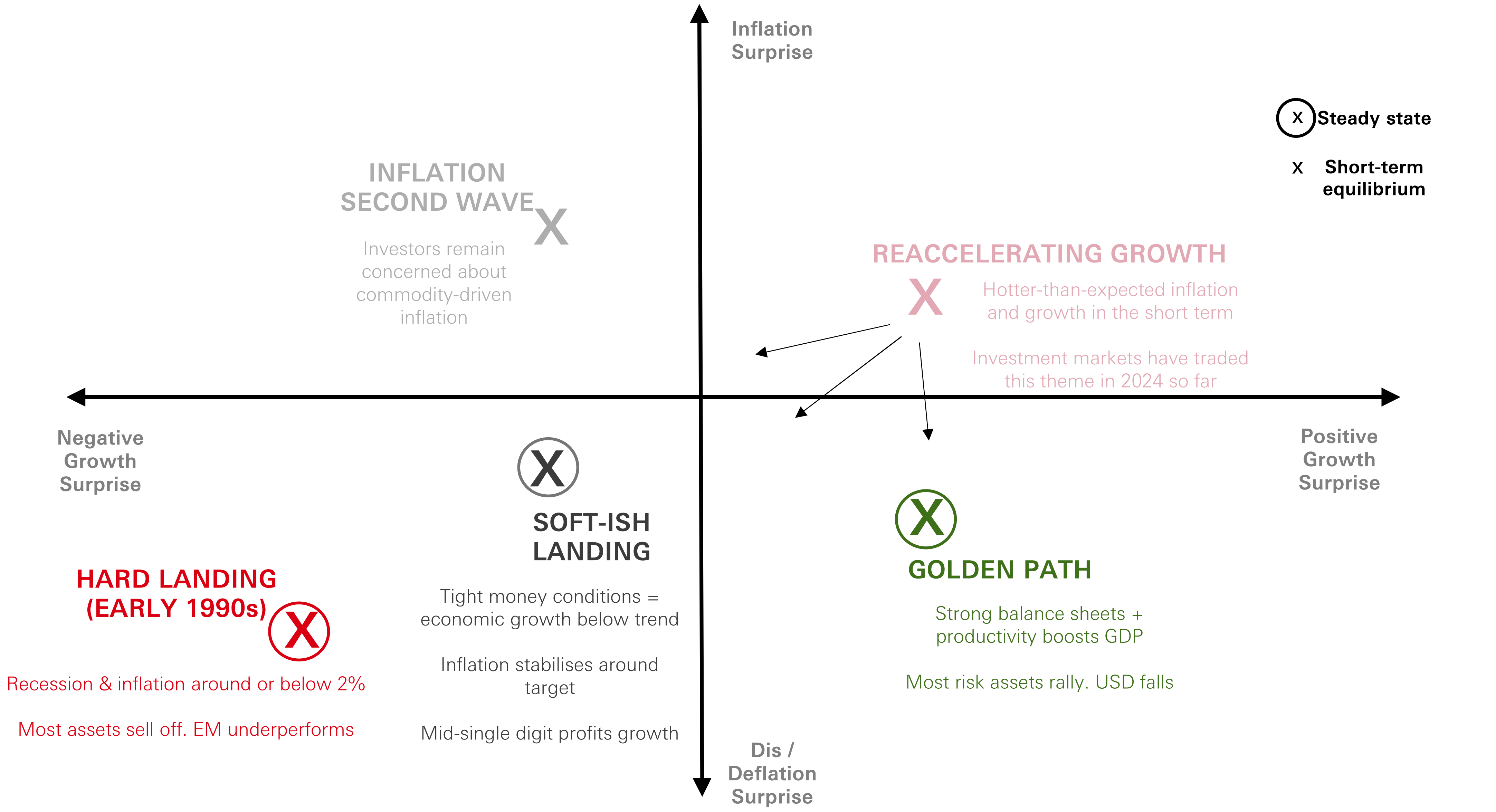
SOFTISH LANDING	Inflation stabilises around target. Tight monetary conditions mean GDP growth is below trend. Profit growth is in mid-single digits
HARD LANDING	Recession and inflation are around or below 2%. Most assets sell off. EM underperforms
GOLDEN PATH	Strong balance sheets and productivity will 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 April 2024.

Macro scenarios in 2024

Our macro scenarios in context



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

House view

Amid elevated geopolitical uncertainty and restrictive policy settings, there are still risks the soft-landing morphs into something less benign. 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

- **Equities** – Even if growth isn't about to crumble, we would like to see higher risk premiums versus what is currently available. We see better opportunities outside the US, especially in the EM and Frontier space
- **Government bonds** – Slower growth and steady disinflation could see yields fall in the coming months, although markets may remain range-bound ahead of clear direction on rate cuts. Sticky core inflation remains a risk
- **Corporate bonds** – We see selective opportunities in global corporate bonds, particularly in global investment grade and securitised credits. High 'all-in yields' continue to support inflows

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	▲	–

▲ Positive
↔ Neutral
▼ Negative

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

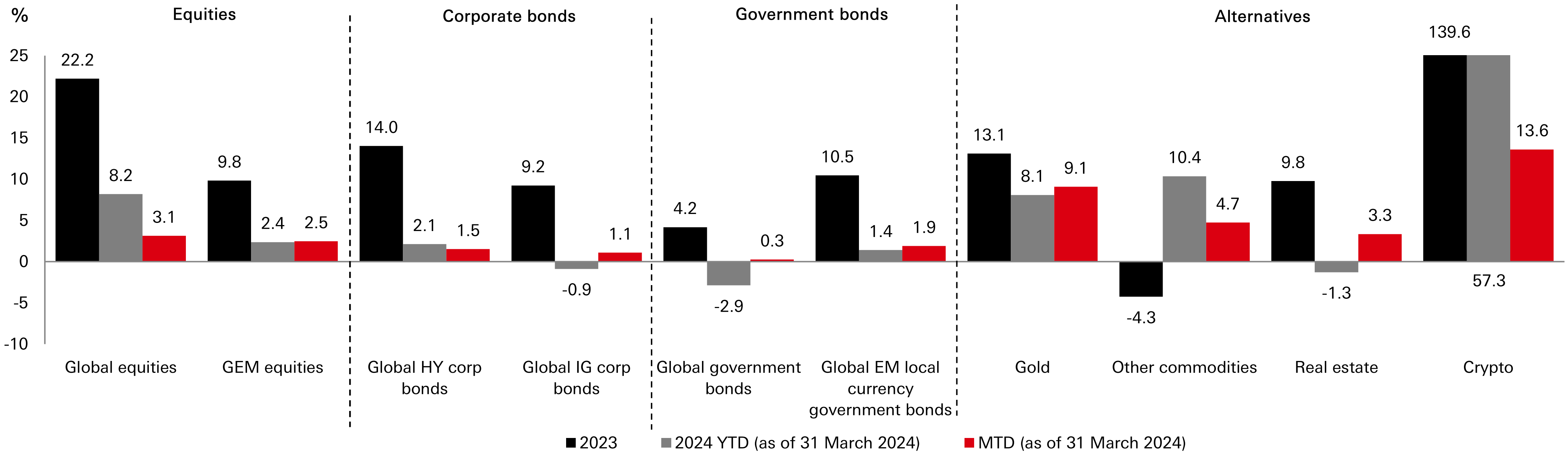
House view represents a >12-month investment view across major asset classes in our portfolios

Source: HSBC Asset Management as at April 2024.

Asset class performance at a glance

Global stock markets rose for a fifth consecutive month in March, as economic data remained broadly consistent with a soft-landing scenario. Risk appetite was also buoyed by central bankers eyeing a summer policy pivot

- **Government bonds** – US yields were little changed over the month as investors still anticipated a start to the easing cycle from mid-year. Evidence of stronger disinflation momentum in Europe pushed yields there lower
- **Equities** – DM equities maintained positive momentum amid optimism over the rate cut outlook in major economies. Many indices refreshed their all-time highs during the month. EMs also performed well amid risk-on appetite
- **Alternatives** – Gold prices rallied in March on ongoing rate cut hopes and concerns over geopolitical risks, which also supported crude oil prices. In the crypto space, Bitcoin rose further and broke its record high



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 31 March 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 reiterated that rate cuts are expected "at some point this year", downplaying recent inflation data. The FOMC's latest dot plot maintained three 25bp rate cuts for 2024 despite upgrading growth and inflation forecasts ◆ **US** core CPI inflation increased 0.4% month-on-month in February, the same rate as January. Goods sector price pressures have largely normalised but progress on service sector inflation is likely to require a further cooling of the labour market	◆ The bull market continues, bolstered 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. This makes us cautious on **US equities**, and prefer **US Treasuries**
Europe	◆ **Eurozone** PMIs improved in early 2024, hinting at a stabilisation in activity. Headline inflation eased from 2.8% year-on-year in January to 2.4% by March. Wage growth, a key driver of service sector inflation, is a key focus for the ECB ◆ **UK** CPI headline inflation fell to 3.4% in February, from 4.0% in January, but service sector inflation remains elevated. While business confidence has improved in early 2024, suggesting the H2 2023 recession is over, growth is likely to remain lacklustre	◆ **European equities** remain relatively cheap and could see some catch-up in performance. Nevertheless, weak domestic macro fundamentals are a significant headwind to multiple re-rating ◆ **European government bonds** would benefit from a faster-than-expected ECB cutting cycle. But peripheral spreads look tight
Asia	◆ **China** data hint at a pick-up in activity in early 2024. Retail sales were boosted by the CNY holidays, while industrial production and fixed investment were solid. Structural weakness in property-related sectors persists, weighing on consumer confidence ◆ **India's** growth remains strong, with the composite PMI rising further in March. Inflation was unchanged at 5.1% year-on-year last month, pointing to no early easing ◆ The **BoJ** ended negative rates in March with its first rate hike since 2007. Yield Curve Control was dropped. BoJ governor Ueda signalled further tightening would be very gradual, despite the strongest initial round of pay negotiations for 33 years	◆ **Chinese equities** are supported by favourable valuations and further macro measures, but the uncertain economic outlook is keeping investors cautious ◆ **Indian equities** are underpinned by strong GDP, positive earnings and structural tailwinds. High valuation remain a concern in pockets of the market ◆ **ASEAN equities** are supported by macro resilience and room for central bank rate cuts. Their defensive qualities are also attractive
Other EM	◆ In **Latin America**, the Bank of Mexico embarked on an easing cycle, cutting rates 25bp in March, with further easing dependent on data. Banco de Central Brazil lowered rates 50bp, but hinted at a more cautious stance in coming months ◆ Diverging inflation in **Eastern Europe** has resulted in differing outcomes for monetary policy. The Czech National Bank cut rates in March while Turkey hiked 5pp to 50% ◆ The economic outlook for **MENA** countries is mixed. Uncertainty in global oil markets remains relatively high, clouding the fiscal outlook, but domestic non-oil growth should remain firm amid diversification away from dependence on fossil fuels	◆ The EM growth outlook is a relative bright spot in a global context, with disinflation and the prospect of Fed rate cuts being supportive. **EM equity** and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too ◆ 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**	▼	–	The bull market continues, bolstered 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
	US	▼	–	Positive momentum in equities driven by robust earnings and expectations of rate cuts in 2024 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
	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
	Eurozone	▼	–	Eurozone activity has been stagnating for over a year and 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
	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
	Emerging Markets (EM)	▲	–	The EM growth outlook is a relative bright spot in a global context, with disinflation and the prospect of Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
	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
	Frontier Markets	▲	–	Frontier market equities have performed well since last year. 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 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
	US	▲	–	Yields have ground higher over the course of Q1, 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
	UK	▲	–	Gilt yields are expected to trend lower during 2024, mirroring the 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
	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
	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
	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
	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 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
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 headwinds 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. But the rising chance of a US soft landing mitigates the risk of material spread widening. Economic resilience within Asia, plus China policy action, support the regional credit market outlook today
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 experiences 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. However, increasing 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 rallied strongly amid recent ETF approvals, but this also raises the risk of a near-term correction. Regulatory hurdles remain a key concern

Source: HSBC Asset Management as at April 2024.

Asset class positioning

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View move:
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	Asset class	House view	View change	Comments
Asian assets	**Asia local bonds**	▲	–	The near-term outlook for Asia bonds is stable. A Fed pivot and less hawkish Asian central banks should boost performance. We are positive on Indonesia, India, and Korea – markets which benefit from carry and the prospect of capital gains driven by rate cuts
	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	▲	–	Asia is an outperformer year-to-date. Chinese policy activism is rebuilding investor confidence in the market. India 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 remain appealing, with policy measures to support capital markets and the wider economy likely reviving some investor confidence. Risks to the earnings outlook linger from a prolonged property market downturn, softening 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 policy rates should have peaked as disinflation continues
	ASEAN equities	↔	↓	A resilient macro backdrop, supply-chain relocations to the region, and space for central banks to ease monetary policy once the Fed starts cutting rates, are all positives. Defensive qualities are attractive, but dispersion in markets may extend amid ongoing global and Chinese macro challenges
	Hong Kong equities	▲	–	Prevailing external headwinds and the government's limited fiscal room are concerns. Relatively cheap valuations and expectations of Fed rate cuts could help stabilise sentiment, with the faltering domestic property market still in focus after the removal of home-buying curbs
	Asia FX	▲	–	Potential USD weakness could be a medium-term benefit, while a more stable RMB and lower Treasury yields could also lift sentiment. The overall macro backdrop supports a positive outlook but dispersion in currency pairs may extend depending on economic performance and fiscal status

Source: HSBC Asset Management as at April 2024.

Market data
March 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)	784	2.9	7.8	21.2	7.8	786	628	18.5
North America								
US Dow Jones Industrial Average	39,807	2.1	5.6	19.6	5.6	39,889	32,327	18.7
US S&P 500 Index	5,254	3.1	10.2	27.9	10.2	5,265	4,048	21.5
US NASDAQ Composite Index	16,379	1.8	9.1	34.0	9.1	16,539	11,799	28.7
Canada S&P/TSX Composite Index	22,167	3.8	5.8	10.3	5.8	22,239	18,692	15.4
Europe								
MSCI AC Europe (USD)	558	3.3	4.6	11.3	4.6	562	459	14.0
Euro STOXX 50 Index	5,083	4.2	12.4	17.8	12.4	5,122	3,993	13.7
UK FTSE 100 Index	7,953	4.2	2.8	4.2	2.8	8,016	7,216	11.6
Germany DAX Index*	18,492	4.6	10.4	18.3	10.4	18,567	14,630	13.0
France CAC-40 Index	8,206	3.5	8.8	12.1	8.8	8,254	6,774	13.6
Spain IBEX 35 Index	11,075	10.7	9.6	20.0	9.6	11,140	8,879	10.9
Italy FTSE MIB	34,750	6.7	14.5	28.2	14.5	34,908	26,000	8.9
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	537	2.3	1.6	2.5	1.6	545	469	14.1
Japan Nikkei-225 Stock Average	40,369	3.1	20.6	44.0	20.6	41,088	27,456	20.3
Australian Stock Exchange 200	7,897	2.6	4.0	10.0	4.0	7,911	6,751	17.2
Hong Kong Hang Seng Index	16,541	0.2	-3.0	-18.9	-3.0	20,865	14,794	8.4
Shanghai Stock Exchange Composite Index	3,041	0.9	2.2	-7.1	2.2	3,419	2,635	11.0
Hang Seng China Enterprises Index	5,811	2.3	0.7	-16.6	0.7	7,092	4,943	7.7
Taiwan TAIEX Index	20,294	7.0	13.2	27.9	13.2	20,467	15,284	18.6
Korea KOSPI Index	2,747	3.9	3.4	10.9	3.4	2,779	2,274	10.7
India SENSEX 30 Index	73,651	1.6	2.0	24.9	2.0	74,502	59,413	21.0
Indonesia Jakarta Stock Price Index	7,289	-0.4	0.2	7.1	0.2	7,454	6,563	1.7
Malaysia Kuala Lumpur Composite Index	1,536	-1.0	5.6	8.0	5.6	1,559	1,369	14.0
Philippines Stock Exchange PSE Index	6,904	-0.6	7.0	6.2	7.0	7,071	5,920	11.5
Singapore FTSE Straits Times Index	3,224	2.6	-0.5	-1.1	-0.5	3,393	3,042	10.6
Thailand SET Index	1,378	0.5	-2.7	-14.4	-2.7	1,604	1,351	14.6
Latam								
Argentina Merval Index	1,213,485	19.6	30.5	393.9	30.5	1,334,440	247,593	8.8
Brazil Bovespa Index*	128,106	-0.7	-4.5	25.7	-4.5	134,392	99,898	7.7
Chile IPSA Index	6,644	3.0	7.2	24.8	7.2	6,706	5,147	11.4
Colombia COLCAP Index	1,333	4.6	11.5	15.2	11.5	1,408	1,045	7.4
Mexico S&P/BMV IPC Index	57,369	3.5	0.0	6.4	0.0	59,021	47,765	13.6
EEMEA								
Russia MOEX Index	3,333	2.3	7.5	36.0	7.5	3,410	2,466	#N/A N/A
South Africa JSE Index	74,536	2.5	-3.1	-2.1	-3.1	79,456	69,128	9.8
Turkey index	9,111.5	9,193.7	7,470.2	4,812.9	7,470.2	9,526.7	4,311.4	5.9

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 March 2024. (*) Indices expressed as total returns. All others are price returns.

Market data (continued)

March 2024

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	8.2	8.2	23.2	22.4	67.9	1.9
US equities	10.3	10.3	29.7	34.2	96.4	1.3
Europe equities	5.2	5.2	14.1	19.7	46.7	3.1
Asia Pacific ex Japan equities	2.1	2.1	5.3	-14.5	15.0	2.9
Japan equities	11.0	11.0	25.8	11.5	45.4	1.9
Latam equities	-4.0	-4.0	22.6	34.8	19.8	5.1
Emerging Markets equities	2.4	2.4	8.2	-14.4	11.6	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)	561	0.9	0.0	4.1	0.0
JPM EMBI Global	860	1.9	1.4	9.5	1.4
BarCap US Corporate Index (USD)	3,208	1.3	-0.4	4.4	-0.4
BarCap Euro Corporate Index (Eur)	247	1.2	0.5	6.8	0.5
BarCap Global High Yield (USD)	581	1.6	2.6	13.4	2.6
BarCap US High Yield (USD)	2517	1.2	1.5	11.2	1.5
BarCap pan-European High Yield (USD)	554	0.5	2.0	13.1	2.0
BarCap EM Debt Hard Currency	423	1.7	1.3	8.6	1.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	216	0.8	1.2	4.8	1.2
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	243	1.6	6.1	6.1	6.1

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 March 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)

March 2024

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2023
US Treasury yields (%)					
3-Month	5.36	5.38	5.33	4.69	5.33
2-Year	4.62	4.62	4.25	4.03	4.25
5-Year	4.21	4.24	3.85	3.57	3.85
10-Year	4.20	4.25	3.88	3.47	3.88
30-Year	4.34	4.38	4.03	3.65	4.03
Developed market 10-year bond yields (%)					
Japan	0.72	0.70	0.61	0.33	0.61
UK	3.93	4.12	3.53	3.49	3.53
Germany	2.30	2.41	2.02	2.29	2.02
France	2.81	2.88	2.56	2.79	2.56
Italy	3.68	3.84	3.69	4.09	3.69
Spain	3.16	3.29	2.98	3.30	2.98

Commodities	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	2,230	9.1	8.1	13.2	8.1	2,306	1,811
Brent Oil	87.5	4.6	13.6	9.7	13.6	98	71
WTI Crude Oil	83.2	6.3	16.1	9.9	16.1	95	64
R/J CRB Futures Index	290	5.5	10.0	8.4	10.0	296	254
LME Copper	8,867	4.4	3.6	-1.4	3.6	9,398	7,856

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 March 2024.

Market data (continued)

March 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	104.49	104.16	101.33	102.51	101.33	107.35	99.58
EUR/USD	1.08	1.08	1.10	1.08	1.10	1.13	1.04
GBP/USD	1.26	1.26	1.27	1.23	1.27	1.31	1.20
CHF/USD	1.11	1.13	1.19	1.09	1.19	1.20	1.08
CAD	1.35	1.36	1.32	1.35	1.32	1.39	1.31
JPY	151.4	150.0	141.0	132.9	141.0	152.0	131.5
AUD	1.53	1.54	1.47	1.50	1.47	1.59	1.45
NZD	1.67	1.64	1.58	1.60	1.58	1.73	1.56
Asia							
HKD	7.82	7.83	7.81	7.85	7.81	7.85	7.79
CNY	7.22	7.19	7.10	6.87	7.10	7.35	6.83
INR	83.41	82.91	83.21	82.18	83.21	83.48	81.61
MYR	4.73	4.74	4.59	4.42	4.59	4.81	4.38
KRW	1,347	1,331	1,291	1,302	1,291	1,364	1,257
TWD	31.98	31.60	30.58	30.49	30.58	32.51	30.38
Latam							
BRL	5.01	4.97	4.85	5.06	4.85	5.22	4.70
COP	3,859	3,926	3,875	4,663	3,875	4,728	3,748
MXN	16.56	17.05	16.97	18.05	16.97	18.49	16.44
ARS	857.67	842.33	808.48	208.99	808.48	862.82	211.67
EEMEA							
RUB	92.46	91.20	89.47	77.72	89.47	102.36	75.14
ZAR	18.88	19.20	18.36	17.80	18.36	19.92	17.42

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 March 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 **March 2024**, HSBC Asset Management's long-term expected return forecasts which were generated as at **29 February 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 **29 February 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 **31 March 2024**.

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