

Investment Monthly

Soft landings and hard truths

March 2024

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



HSBC Asset Management

Macro Outlook

- ◆ **The data currently suggests we are on the final approach to a ‘soft landing’ for the economy.** We need to see continued progress on disinflation, resilient economic growth and labour market trends, and good news on profits to secure that soft landing
- ◆ Even **if the soft landing is secured, a number of economic risks persist for later in the year.** Geopolitics, elections and fiscal constraints can all impact the economic and market outlook
- ◆ **Economic performance remains divergent in emerging economies.** India will be the fastest growing economy in 2024, while the China outlook remains challenged by several growth headwinds

House View

- ◆ **Our expectation is for a soft-ish landing** – a slowdown in nominal growth and mid-single digit profits growth in 2024
- ◆ **That takes us to a ‘defensive growth’ positioning in portfolios.** That would include a focus on international equities, quality in stocks and credits, and selective strategies in emerging markets. We see an important portfolio role for alternatives (especially private credit, hedge funds, infrastructure, and real estate)
- ◆ **We see good opportunities in selected areas of global fixed income.** We think **“bonds are back”**, especially in ‘Anglo Saxon’ markets. And also in emerging markets – Mexico, India, and Indonesia, for example

Policy Outlook

- ◆ Rate markets have priced-out cuts from the major central banks amid stronger macro data and central bank comments. We see **the first interest rate cut from the Fed in mid-2024**, with policy easing continuing in H2. The ECB and Bank of England are likely to follow the Fed
- ◆ **Fiscal policy looks set to be 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 think that continues.** Asia central banks are likely to ease policy during H2 2024. Policy support in China remains measured and targeted

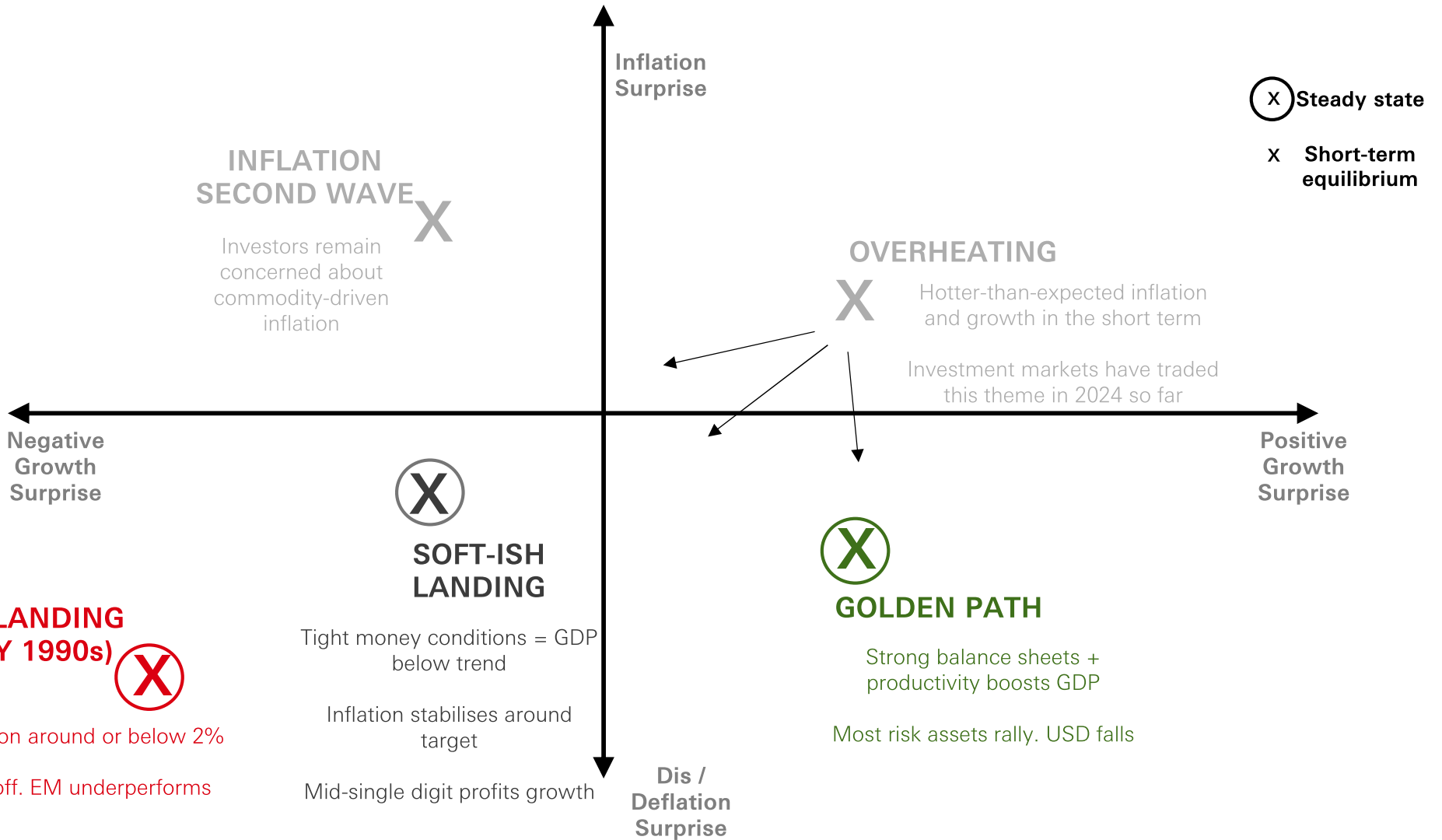
Scenarios

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 March 2024.

Our macro scenarios in context



House view

Our preference is for **a defensive investment strategy**. We maintain a bias to quality and selectivity in stocks and credits. Despite a strong run for equity markets, economic headwinds and disinflation over the course of 2024 should be supportive for government bonds and challenge corporate earnings

- ◆ **Equities** – There is continued scope for near-term gains given economic resilience, especially in the US, but the risks of an economic slowdown remain, with activity sluggish in the eurozone and Asia. Equities in Japan and India look interesting in the context of a more robust earnings outlook
- ◆ **Government bonds** – Inflation risks persist, but attention has now shifted towards the timing of rate cuts in 2024. Yields have moderated and if the risks of a slowdown crystallise, central banks may start to ease monetary policy faster than the market expects, boosting performance
- ◆ **Corporate bonds** – We see selective opportunities in global corporate bonds, particularly in global investment grade and securitised credits

Equities			Government bonds			Corporate bonds			FX & Alternatives			Asian assets		
Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move
Global	▼	–	Developed Market (DM)	↔	–	Global investment grade (IG)	↔	–	Gold	▲	–	Asia local bonds	▲	–
US	▼	–	US	▲	–	USD IG	↔	–	Other commodities	↔	–	RMB bonds	↔	–
UK	▼	–	UK	▲	–	EUR & GBP IG	▲	–	Real estate	▲	–	Asia ex-Japan equities	▲	–
Eurozone	▼	–	Eurozone	↔	–	Asia IG	↔	–	Infrastructure	▲	–	China	▲	–
Japan	▲	–	Japan	▼	–	Global high-yield	↔	–	Hedge funds	▲	–	India	▲	–
Emerging Markets (EM)	▲	–	Inflation-linked bonds	▲	–	US high-yield	↔	–	Private equity	↔	–	ASEAN	▲	–
CEE & Latam	↔	–	EM (local currency)	▲	–	Europe high-yield	↔	–	US dollar	▼	–	Hong Kong	▲	–
Frontier	▲	–				Asia high-yield	↔	–	Crypto	↔	–	Asia FX	▲	–
						Securitised credit	▲	–						
						EM aggregate bond (USD)	▲	–						

▲ Positive
 ↔ Neutral
 ▼ Negative

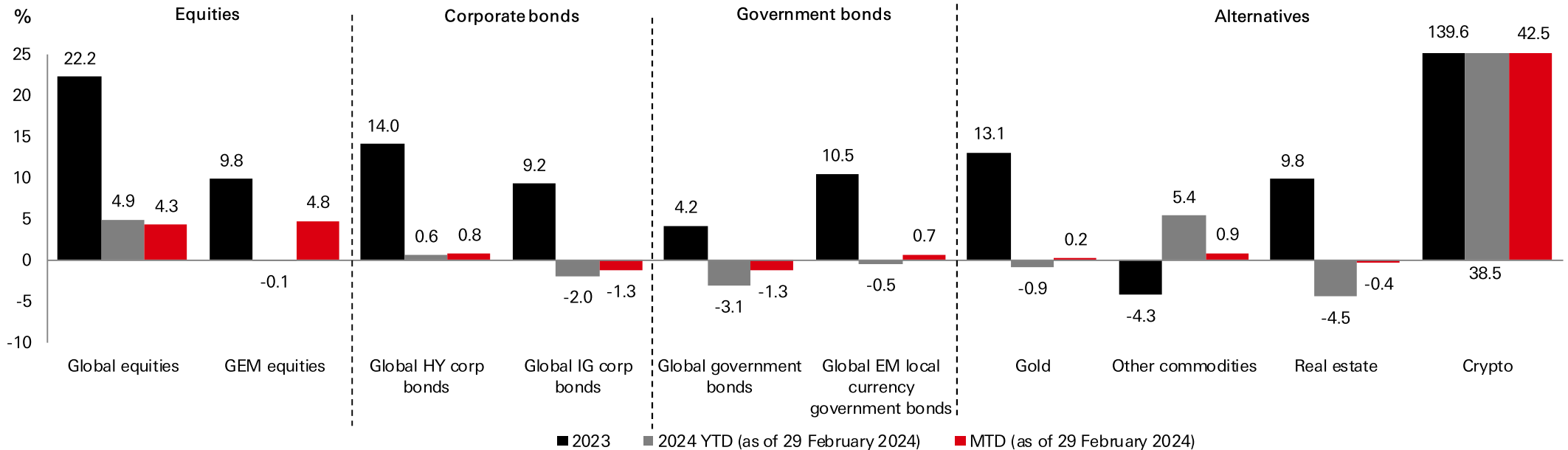
View move:
 – No change
 ↑ Upgraded versus last month
 ↓ Downgraded versus last month

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

Asset class performance at a glance

Global stock markets rose for a fourth consecutive month in February, supported by resilient economic data and relatively strong corporate earnings. Signs that inflationary pressures have not entirely dissipated, suggest that central banks may be on hold for a little while longer. As a result, government bonds came under pressure

- ◆ **Government bonds** – US inflation in January (data released in February) was higher-than-expected, which further reduced investors’ expectations over the timing of Fed rate cuts during 2024. Thus, US Treasuries came under pressure in February and yields rose
- ◆ **Equities** – Resilient economic data and relatively strong corporate earnings supported global equity markets in February. Many indices are now at or near their all-time highs. Some EMs performed well, except Mexico and Argentina
- ◆ **Alternatives** – Crude oil prices rose in February as the market weighed potential supply pressures. Gold prices were little changed while, in crypto, Bitcoin rallied



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 29 February 2023 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.

Monthly macroeconomic update

US	<ul style="list-style-type: none"> ◆ Latest GDP data shows the US economy grew by 3.2% in the fourth calendar quarter of 2023, with disinflation and a robust labour market supporting strong consumer spending. A weaker manufacturing PMI survey suggests that confidence among firms is falling ◆ US core CPI inflation saw a surprising 0.4% month-on-month rise in January. However, the overall disinflation trend continues, led by the goods sector. A further fall in service sector inflation depends on cooling labour market conditions
Europe	<ul style="list-style-type: none"> ◆ Eurozone inflation fell to 2.6% in February from 2.8% in January, with the goods sector leading the way. Business sentiment improved in early 2024, led by the services sector, but remains in contraction territory, with manufacturing confidence deteriorating ◆ UK CPI inflation remained flat in January at 4.0%, with no change from December. The UK economy contracted 0.3% in Q4 2023, confirming a technical recession. Business confidence has improved in early 2024, led by the services sector
Asia	<ul style="list-style-type: none"> ◆ China's data suggested some resilience in domestic tourism spending around LNY holidays and an improvement in credit demand in January. Market focus would be on the upcoming NPC sessions and 2024 budgets after targeted monetary easing measures ◆ India's economic expansion remains robust (with Q3 2024 GDP growing at 8.4%) on infrastructure spending and capex. Disinflation progress provides room for the RBI to ease policy in H2 2024, with the government staying fiscally prudent ◆ Japan fell into a technical recession in Q4 2023, while "core-core" inflation remains well above target. The BoJ may remove its negative interest rate regime soon, subject to the upcoming Shunto pay round, but is expected to keep policy accommodative for now
Other EM	<ul style="list-style-type: none"> ◆ Inflation across Latin America remains sticky in places and growth pressures remain. Official data showed that Brazil's economy grew by 2.9% in 2023 (versus forecasts of 0.8%), although growth slowed in Q4 ◆ Disinflation continues across parts of Eastern Europe, which should set the scene for central bank policy easing and an improving growth outlook ◆ Oil industry production pressures and the potential for regional geopolitical tensions are expected to suppress economic growth in the MENA region this year. Global economic headwinds and high inflation are also frictions

Base case view and implications

<ul style="list-style-type: none"> ◆ Gains in the main US equity indices continue to be driven by large-cap growth, with valuations looking high in parts of the market. Tight financial conditions remain a potential headwind for earnings ◆ Bond yields remain relatively elevated but have been trading in a narrow range as markets continue to weigh uncertainty over rate cuts, sticky inflation and the outlook for economic growth
<ul style="list-style-type: none"> ◆ European equities performed well in February despite economic malaise in places and uncertainty over the timing of rate cuts. Momentum could slip if tight financial conditions persist ◆ A eurozone recession could lead to some outperformance in the medium term for European government bonds, especially as the ECB begins easing policy in 2024
<ul style="list-style-type: none"> ◆ Chinese equities are still favourably valued, with some structural headwinds being reflected. Market supportive measures and potential fiscal policy may help restore some investor confidence ◆ Indian equities maintain solid earnings growth amid cyclical and structural tailwinds. Rich valuations could limit the upside ◆ ASEAN equities are supported by regional macro resilience and a peak in Fed hawkishness. Their defensive qualities remain attractive but dispersions in markets are likely amid external uncertainties
<ul style="list-style-type: none"> ◆ In the EM equity space, parts of Asia remain vulnerable to China growth concerns, but meaningful China policy support could provide a sizable uplift. Valuations are attractive and relative EM macro resilience is a positive ◆ Disinflationary trends are continuing to play out with many EM central banks likely to begin or continue cutting rates in 2024. This supports the EM fixed income outlook. Sticky inflation and growth concerns are the major risks

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	View change	Comments	
Equities	Global	▼	–	There is continued scope for near-term gains given economic resilience, especially in the US, but the risks of an economic slowdown remain, with activity sluggish in the eurozone and Asia. Equities in Japan and India look interesting in the context of a more robust earnings outlook
	US	▼	–	Positive momentum in equities driven by expectations of rate cuts in 2024 has left valuations stretched in some areas. Risks of a slowdown are notable and do not appear to be priced in, with declining consumer savings and tighter credit conditions potentially posing a risk to profitability
	UK	▼	–	The defensive and value play of UK equities can be appealing in an environment of weaker growth. Nevertheless, near-term indicators are hinting at slowing activity which creates earnings challenges, and still high wage growth creates some uncertainty about the direction of BoE policy
	Eurozone	▼	–	Eurozone activity is stagnating but inflation remains uncomfortably high, with wage growth still strong, meaning that policymakers are in no rush to cut rates. This creates a difficult environment for equities although expectations of rate cuts in 2024 have driven positive momentum in places
	Japan	▲	–	A robust earnings outlook and attractive valuations are positives for Japanese equities. Moves by the BoJ to ease its Yield Curve Control and Negative Interest Rates policies could put pressure on valuations
	Emerging Markets (EM)	▲	–	EM risk premiums generally look generous and the growth outlook is a relative bright spot in a global context. However, China's cyclical outlook is concerning and consistent with a more cautious view of EM overall. Policy support in China is filtering through, but more is needed
	CEE & Latam	↔	–	In emerging Europe, cooling headline inflation is prompting rate cuts but policy announcements are divergent and activity is looking unexceptional. In Latam, equities are benefiting from a positive mix of central bank rate cuts, low valuations and stable markets, although growth is patchy
	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)	↔	–	Inflation risks persist, but attention has now shifted towards the timing of rate cuts in 2024. Yields have moderated and if the risks of a slowdown crystallise, central banks may start to ease policies faster than the market expects, boosting performance
	US	▲	–	A resilient labour market and sticky inflation have revived the narrative of higher-for-longer rates. However, the Fed is still likely to cut interest rates from mid-2024 and growth could disappoint expectations in H2. Ten-year yields are likely to fall and the yield curve gradually steepen
	UK	▲	–	The Bank of England rate trajectory remains unclear amid still elevated wage growth. This is the key upside risk to yields, but over the medium term a policy-induced economic slowdown should help bring bond yields down
	Eurozone	↔	–	Inflation continues to fall but growth across the eurozone is flat and inflation risks persist. The ECB has stressed that further evidence of disinflation is needed to warrant policy easing, making the timing of rate cuts uncertain and limiting upside eurozone bond performance
	Japan	▼	–	The Bank of Japan has slightly relaxed its Yield Curve Control framework, and we believe there will be a gradual normalisation of policy, lifting yields. With negative bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	▲	–	Valuations continue to look attractive in the US despite sticky inflation but less so in Europe where the market prices in a more substantial inflation risk premium. The asset class offers good carry and could benefit as central banks begin cutting rates through 2024
	EM local currency	▲	–	EM local-currency bonds have performed well, with yields falling relative to those in the US. Strong medium-term performance is backed up by solid fundamentals, including strong growth and buffers against external pressures, and improved policy credibility, as well as cheap valuations

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
	USD IG	↔	–	US investment grade credit appears fully priced from a valuation perspective. However, all-in yields remain attractive and fundamental credit metrics, albeit off their best levels, are still strong
	EUR and GBP IG	▲	–	We are constructive on EU IG. Spreads look reasonable with attractive carry and rolldown but careful sector selection is preferred, with non-cyclical issuers being slightly more attractive
	Asia IG	↔	–	Asia IG shows opportunities for carry strategies with resilient macro fundamentals and manageable default risks (exc. property names). China's targeted policy support and subsiding risk of fallen-angels are positives, but a DM slowdown is the key downside risk
	Global high-yield (HY)	↔	–	A backdrop of resilient fundamentals and shifting rate expectations has meant lower spreads, but rangebound returns in high yield. Valuations potentially do not reflect the possibility of economic weakness and accompanying default risks
	US HY	↔	–	Tight HY spreads may still provide a reasonable return given generally solid corporate fundamentals. But risks include the 'maturity wall' facing corporates in the next couple of years, while index quality has also been deteriorating. . Selectivity is key
	Europe HY	↔	–	A conservative stance is preferred as spread valuations are less attractive than in EU IG. Downside risks to the European macro outlook point to risks of spread widening as tighter policy feeds through to slower growth
	Asia HY	↔	–	Global macro risks could be a headwind. Some positives such as manageable default risk outside Chinese properties and spread tightening from the non-China exposures may have been reflected, but limited supply and repurchases could attract dip buyers
	Securitized credit	▲	–	Spreads remain close to the widest they have been since 2009 so there is long-term value in securitized credit despite recent tightening. Securities are mainly floating rate and hence the coupons paid rose during 2022 and 2023
EM aggregate bond (USD)	▲	–	EM sovereigns and EM corporates are at an inflection point after a dramatic improvement in EM creditworthiness. IMF-driven fiscal improvements and improved debt-GDP profiles bode well	
FX & Alternatives	Gold	▲	–	Prices are being supported by expectations of future rate cuts and strong central bank buying. Performance as a risk-off diversifier is unreliable, although geopolitical tensions and episodes of financial market volatility have proven to be supportive
	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
	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
	Infrastructure	▲	–	Infrastructure debt can offer better expected returns than global credits, with lower spread volatility during recessionary periods. In a slowdown, infrastructure equity's defensive attributes are beneficial, with thematic drivers coming from the green transition
	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
	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
	US dollar	▼	–	With the Fed expected to be at peak rates, and disinflation continuing, the dollar could weaken in the medium term. Near term resilience may come from relative US economic outperformance
Crypto	↔	–	Bitcoin prices have rallied since the SEC gave approval for spot Bitcoin ETFs in early 2024. Regulatory concerns remain a key concern for the asset class, but there could be scope for upside if Bitcoin ETFs gain traction over time	

Asset class positioning

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▲ Positive
↔ Neutral
▼ Negative

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

Asset class	House view	View change	Comments
Asia local bonds	▲	—	Asia's growth outlook remains encouraging. Further moderation in core inflation gives most central banks in the region room for rate cuts in H2 2024 should the Fed start to ease policy. Global macro uncertainties and geopolitical developments remain the key risks
RMB bonds	↔	—	More proactive liquidity and targeted credit support are likely, 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	▲	—	Macro uncertainties, earnings downgrades and geopolitics remain key risks, but potentially more coordinated fiscal and monetary policy in China and slim odds of further tightening by Asian central banks ahead may offer some support. Dispersion in regional markets remains likely
China equities	▲	—	Equity valuations remain appealing, with supportive measures for capital markets and structural-focused policy likely reviving some investor confidence, but 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, though Indian equities show solid earnings growth potential with a strong structural story and a resilient macro backdrop. Although the RBI maintained its tightening bias, policy rates should have peaked as disinflation continues
ASEAN equities	▲	—	ASEAN's resilient macro backdrop, their space to ease monetary policy following peak Fed hawkishness and supply-chain relocations in the region are positives. Defensive qualities are attractive, but global and Chinese macro worries are still the key risks, with geopolitics also in focus
Hong Kong equities	▲	—	Prevailing global and Chinese macro uncertainties, faltering domestic property market and the government's limited fiscal room are concerns. Their compelling valuations and hopes of Fed rate cuts ahead should help partially offset some headwinds
Asia FX	▲	—	Potential USD weakness remains a medium-term benefit, and a stabilizing RMB and lower Treasury yields could also lift sentiment. The overall macro backdrop supports the outlook but dispersion in currency pairs may extend with their divergent economic performance and fiscal status

Market data

February 2024

	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
Equity Indices								
World								
MSCI AC World Index (USD)	761	4.2	9.6	21.0	4.7	767	607	17.9
North America								
US Dow Jones Industrial Average	38,996	2.2	8.5	19.4	3.5	39,282	31,430	18.7
US S&P 500 Index	5,096	5.2	11.6	28.4	6.8	5,140	3,809	21.4
US NASDAQ Composite Index	16,092	6.1	13.1	40.5	7.2	16,302	10,983	28.7
Canada S&P/TSX Composite Index	21,364	1.6	5.6	5.6	1.9	21,605	18,692	14.9
Europe								
MSCI AC Europe (USD)	540	1.4	6.3	9.8	1.3	545	459	13.6
Euro STOXX 50 Index	4,878	4.9	11.3	15.1	7.9	4,915	3,981	13.5
UK FTSE 100 Index	7,630	0.0	2.4	-3.1	-1.3	7,974	7,207	11.1
Germany DAX Index*	17,678	4.6	9.0	15.1	5.5	17,817	14,458	12.4
France CAC-40 Index	7,927	3.5	8.4	9.1	5.1	7,978	6,774	13.4
Spain IBEX 35 Index	10,001	-0.8	-0.6	6.5	-1.0	10,301	8,501	10.2
Italy FTSE MIB	32,581	6.0	9.6	18.6	7.3	32,967	24,751	8.7
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	525	4.3	3.8	2.7	-0.7	545	469	13.6
Japan Nikkei-225 Stock Average	39,166	7.9	17.0	42.7	17.0	40,315	26,633	24.1
Australian Stock Exchange 200	7,699	0.2	8.6	6.1	1.4	7,769	6,751	17.2
Hong Kong Hang Seng Index	16,511	6.6	-3.1	-16.5	-3.1	21,006	14,794	8.1
Shanghai Stock Exchange Composite Index	3,015	8.1	-0.5	-8.1	1.4	3,419	2,635	10.6
Hang Seng China Enterprises Index	5,678	9.3	-3.1	-13.7	-1.6	7,101	4,943	7.2
Taiwan TAIEX Index	18,967	6.0	8.8	22.3	5.8	19,333	15,187	17.6
Korea KOSPI Index	2,642	5.8	4.2	9.5	-0.5	2,695	2,274	10.6
India SENSEX 30 Index	72,500	1.0	8.2	23.0	0.4	73,995	57,085	24.3
Indonesia Jakarta Stock Price Index	7,316	1.5	3.3	6.9	0.6	7,404	6,543	1.8
Malaysia Kuala Lumpur Composite Index	1,551	2.5	6.8	6.7	6.7	1,559	1,369	13.8
Philippines Stock Exchange PSE Index	6,945	4.5	11.6	5.9	7.7	7,021	5,920	11.9
Singapore FTSE Straits Times Index	3,142	-0.4	2.2	-3.7	-3.0	3,393	3,042	10.2
Thailand SET Index	1,371	0.5	-0.7	-15.5	-3.2	1,625	1,352	14.4
Latam								
Argentina Merval Index	1,014,712	-19.5	24.8	310.1	9.1	1,334,440	207,676	5.4
Brazil Bovespa Index*	129,020	1.0	1.3	23.0	-3.8	134,392	96,997	7.9
Chile IPSA Index	6,450	7.7	10.9	19.6	4.1	6,512	5,097	10.5
Colombia COLCAP Index	1,274	-0.2	11.1	7.3	6.6	1,303	1,045	6.8
Mexico S&P/BMV IPC Index	55,414	-3.4	2.5	5.0	-3.4	59,021	47,765	13.0
EEMEA								
Russia MOEX Index	3,257	1.3	2.9	44.5	5.1	3,299	2,237	#N/A N/A
South Africa JSE Index	72,730	-2.4	-3.7	-6.4	-5.4	79,456	69,128	9.6
Turkey index	9,347.2	8,496.7	7,948.6	5,237.3	7,470.2	9,450.5	4,311.4	5.4

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 29 February 2024. (*) Indices expressed as total returns. All others are price returns.

Market data (continued)

February 2024

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Equity Indices - Total Return						
Global equities	9.9	4.9	23.1	21.8	64.8	2.0
US equities	11.9	6.9	30.1	35.0	93.9	1.4
Europe equities	6.5	1.4	12.6	19.0	42.2	3.2
Asia Pacific ex Japan equities	4.1	-0.5	5.5	-18.4	13.8	3.0
Japan equities	12.5	7.8	26.9	9.4	41.9	2.0
Latam equities	2.9	-5.0	22.4	39.5	15.5	4.9
Emerging Markets equities	3.8	-0.1	8.7	-17.7	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.

	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return					
BarCap GlobalAgg (Hedged in USD)	556	-0.7	2.3	5.5	-0.9
JPM EMBI Global	844	0.7	4.3	9.0	-0.5
BarCap US Corporate Index (USD)	3,167	-1.5	2.6	6.0	-1.7
BarCap Euro Corporate Index (Eur)	244	-0.9	2.0	6.6	-0.7
BarCap Global High Yield (USD)	572	0.9	4.9	12.1	1.0
BarCap US High Yield (USD)	2487	0.3	4.0	11.0	0.3
BarCap pan-European High Yield (USD)	551	0.5	4.6	12.3	1.5
BarCap EM Debt Hard Currency	416	0.3	3.9	8.4	-0.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	214	-0.1	3.0	5.2	0.3
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	240	1.7	6.9	2.0	4.5

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Sources: Bloomberg, HSBC Asset Management. Data as at close of business 29 February 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)

February 2024

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2023
US Treasury yields (%)					
3-Month	5.38	5.36	5.39	4.77	5.33
2-Year	4.62	4.21	4.68	4.82	4.25
5-Year	4.24	3.84	4.27	4.18	3.85
10-Year	4.25	3.91	4.33	3.92	3.88
30-Year	4.38	4.17	4.49	3.92	4.03
Developed market 10-year bond yields (%)					
Japan	0.70	0.73	0.67	0.50	0.61
UK	4.12	3.79	4.17	3.82	3.53
Germany	2.41	2.17	2.45	2.65	2.02
France	2.88	2.66	3.02	3.12	2.56
Italy	3.84	3.72	4.23	4.47	3.69
Spain	3.29	3.09	3.47	3.60	2.98

	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Commodities							
Gold	2,044	0.2	0.4	11.9	-0.9	2,135	1,810
Brent Oil	83.6	2.3	1.0	-0.3	8.5	98	70
WTI Crude Oil	78.3	3.2	3.0	1.6	9.2	95	64
R/J CRB Futures Index	275	1.0	0.5	1.9	4.3	290	254
LME Copper	8,494	-1.3	0.3	-5.2	-0.8	9,183	7,856

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 29 February 2024.

Market data (continued)

February 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	104.16	103.27	103.50	104.87	101.33	107.35	99.58
EUR/USD	1.08	1.08	1.09	1.06	1.10	1.13	1.04
GBP/USD	1.26	1.27	1.26	1.20	1.27	1.31	1.18
CHF/USD	1.13	1.16	1.14	1.06	1.19	1.20	1.06
CAD	1.36	1.34	1.36	1.36	1.32	1.39	1.31
JPY	150.0	146.9	148.2	136.2	141.0	151.9	129.6
AUD	1.54	1.52	1.51	1.49	1.47	1.59	1.45
NZD	1.64	1.63	1.62	1.62	1.58	1.73	1.56
Asia							
HKD	7.83	7.82	7.81	7.85	7.81	7.85	7.79
CNY	7.19	7.17	7.14	6.94	7.10	7.35	6.82
INR	82.91	83.04	83.39	82.67	83.21	83.48	81.61
MYR	4.74	4.73	4.66	4.49	4.59	4.81	4.38
KRW	1,331	1,335	1,290	1,323	1,291	1,364	1,257
TWD	31.60	31.29	31.27	30.56	30.58	32.51	30.28
Latam							
BRL	4.97	4.96	4.92	5.24	4.85	5.34	4.70
COP	3,926	3,916	4,033	4,860	3,875	4,885	3,806
MXN	17.05	17.21	17.38	18.31	16.97	19.23	16.63
ARS	842.33	826.34	360.48	197.15	808.48	844.31	198.17
EEMEA							
RUB	91.20	89.85	89.91	75.05	89.47	102.36	74.41
ZAR	19.20	18.68	18.85	18.36	18.36	19.92	17.42

Past performance does not predict future returns.

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

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