

HSBC Overnight Fund (HDF)

Overnight fund – An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk.

Date: October 2022

Fund Details



Fund Manager

Kapil Punjabi



AUM (as on 30.09.22)

1045.86 Cr



Minimum Investment ¹

Lumpsum	SIP	Additional Purchase
₹ 5,000	₹ 500	₹ 1,000



Yield to Maturity ²

6.06%



Benchmark

CRISIL Overnight Fund A-I Index^{3, 4}



Inception Date

22 May 2019



Exit Load

NIL

Portfolio Strategy

- The overnight funding cost should now move closer to 5.90% given the increase in SDF and repo rates. Excess system liquidity has also now moderated significantly post CRR hike, increase in government cash balances with RBI and forex outflows.
- The RBI's trajectory in terms of rate hikes will determine the evolution of the money market and the short end of the yield curve. In the current fiscal year, we have seen a sharp move in yields in the up to 2-year segment of the yield curve and the steepness in the curve up to 1-yr and from 1-yr to 2yr is relatively attractive, factoring in further rate hikes in the near term.
- The overnight fund predominantly invest in overnight asset. Overall, we remain neutral on duration across as markets re-price yield curve given RBI's rate hiking cycle. The focus continues to be on the accrual returns in the portfolio.

Investment Objective:

The scheme aims to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities. However, there is no assurance that the investment objective of the Scheme will be achieved.

Product Note

¹ in multiples of Re 1 thereafter

² YTM Based on invested Amount

³ SEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021. ⁴ Fund's benchmark has changed with effect from April 01, 2022

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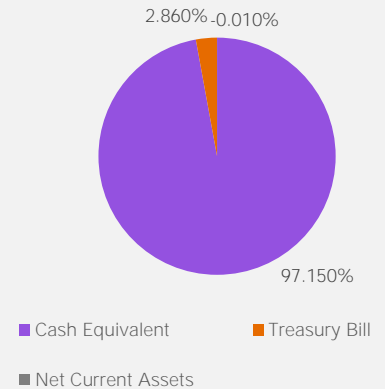
Portfolio

Issuer	Rating	% to Net Assets
Treasury Bill		2.860%
364 DAY TBILL 13OCT22	Sovereign	1.430%
364 DAY T-BILL 27OCT22	Sovereign	1.430%
Cash Equivalent		97.140%
TREPS*		38.190%
Reverse Repos		58.960%
Net Current Assets:		-0.010%
Total Net Assets as on 30-SEPTEMBER-2022		100.000%

*TREPS : Tri-Party Repo



Asset Allocation



Benefits of Overnight Funds



Lowest volatility

Overnight funds offer relatively lower volatility compared to other fixed income funds



Lowest risk

Overnight funds carry no interest rate risk and lowest credit default risk vs other fixed income funds



High liquidity**

Overnight funds are one of the most liquid investments available in the market with redemption availability on any working day



Reasonable risk adjusted performance

Overnight funds can deliver consistent and reasonable risk adjusted performance vs traditional saving products

Core Strategy

HSBC Mutual Fund's Fixed Income investment team operate on three core pillars:

- 1) Robust Risk Management
 - Risk Management is core to the way we do business. It's our endeavor to bring the same in management of HSBC Overnight Fund.
- 2) Proactive Liquidity Measures
 - To ensure optimal liquidity to suit the investor's requirements in various situations, our fund managers follow stringent liquidity norms.
- 3) Optimising Returns
 - While keeping in mind the investors risk appetite and liquidity requirements, our fund managers avoid taking large interest rate risks in the portfolio.
 - All the credits are extensively screened and approved by the internal credit committee.

Product Note

** As per the Regulations, the Overnight Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. The Fund will endeavor to dispatch the redemption proceeds in 1 Business Day from the date of receiving a valid redemption request.

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Who should invest in HSBC Overnight Fund (HOF)?

- Park surplus money - HOF is well suited for investors looking to park their surplus money as the fund provides reasonable return potential with high liquidity
- Emergency funds - The fund is well suited for investors looking to park their emergency funds for short term such as 1 business day and earn reasonable returns with better access to funds
- High quality, high liquidity and low risk - HOF is also best suited for investors who would like to invest in a low volatile, high quality fixed income portfolio with easy redemption access

Suitable to park idle money for reasonable returns and high liquidity

HSBC Overnight Fund Riskometer		
 <p>HSBC Overnight Fund</p> <p>Investors understand that their principal will be at Low risk</p>	<p>Overnight Fund- An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk.</p> <p>This product is suitable for investors who are seeking**:</p> <ul style="list-style-type: none">• Income over short term and high liquidity• Investment in debt & money market instruments with overnight maturity. <p>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> <p>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular Scheme.</p>	<p>Benchmark: CRISIL Overnight Fund A-I Index</p> 

Potential Risk Class (HSBC Overnight Fund)

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High (Class III)			

Potential Risk Class ("PRC") matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

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Mutual fund investments are subject to market risks, read all scheme related documents carefully.