

# Fixed Income Deck

July 2022

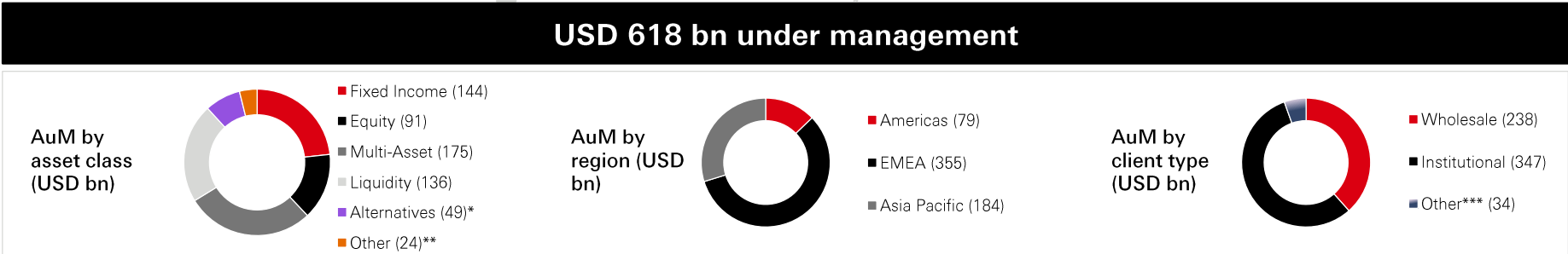


**HSBC**  
Asset Management

Document Date - 26 July '22

# A global network of local experts

## Investment professionals working across key locations



● HSBC Asset Management offices - Countries and territories where our investment teams sit are in bold

1. Asia-Pacific includes employees and assets of Hang Seng Bank, in which HSBC has a majority holding.  
2. HSBC Jintrust Fund Management company is a joint venture between HSBC Asset Management and Shanxi Trust Corporation Limited.

\* Alternatives assets excludes USD 4.90bn from committed capital ("dry powder") as well as advisory and oversight assets.  
\*\* Other in asset class refers to the assets of Hang Seng Bank, in which HSBC has a majority holding, and of HSBC Jintrust Fund Management, a joint venture between HSBC Asset Management and Shanxi Trust Corporation Limited.  
\*\*\* Other in client type refers to asset distributed by Hang Seng Bank  
† Asset Management as at 31 March 2022. Assets under management are presented on a distributed (AUD) basis. Differences are due to rounding.

## The investment management team manages/advises strategies with assets across investment categories

INR 12,485 Cr

AUM as at last day of month ended June '22

AUM for the month ended (30 June 2022)

Asset class wise disclosure of AUM and AAUM

Category	AUM as on the last day of the Quarter	Average AUM for the Quarter Rs.Cr
Income	4,058	4,380
Equity (other than ELSS)	3,817	4,053
Liquid	3,975	4,263
Equity ELSS	172	182
Fund of Funds investing overseas	463	514
Total	12,485	13,392
Fund of Funds investing Domestic	134	140

Disclosure of percentage of AUM by geography

Geographical spread	% of Total AUM as on the last day of the
Top 5 Cities	69%
Next 10 Cities	17%
Next 20 Cities	5%
Next 75 Cities	4%
Others	4%
Total	100%

Offshore advisory (Equity and Fixed Income):  
Rs.19,154 Cr

Expertise in managing Indian equity and debt

- ◆ Managers/sub-advisors of Indian equity and debt assets from last 17 years

International experience

- ◆ Global presence, local knowledge
- ◆ Ability to identify and position for global trends
- ◆ Supported by global perspective on long term asset prices
- ◆ Inputs on impact of macro economic developments on Indian fixed income markets

Differentiate Product offerings

- ◆ Clear and differentiated product offerings across asset classes
- ◆ Recognised leader in emerging markets asset management

On the ground presence combined with global oversight

- ◆ Personal local relationships combined with Executive Management engagement and global support through dedicated Official Sector Institutions team based in London
- ◆ Tailored and bespoke approach when working with Official Sector Institutions

## A distinct perspective on asset management

- **Liquidity management must be focused on risk management**

- Our aim is to preserve capital and provide liquidity

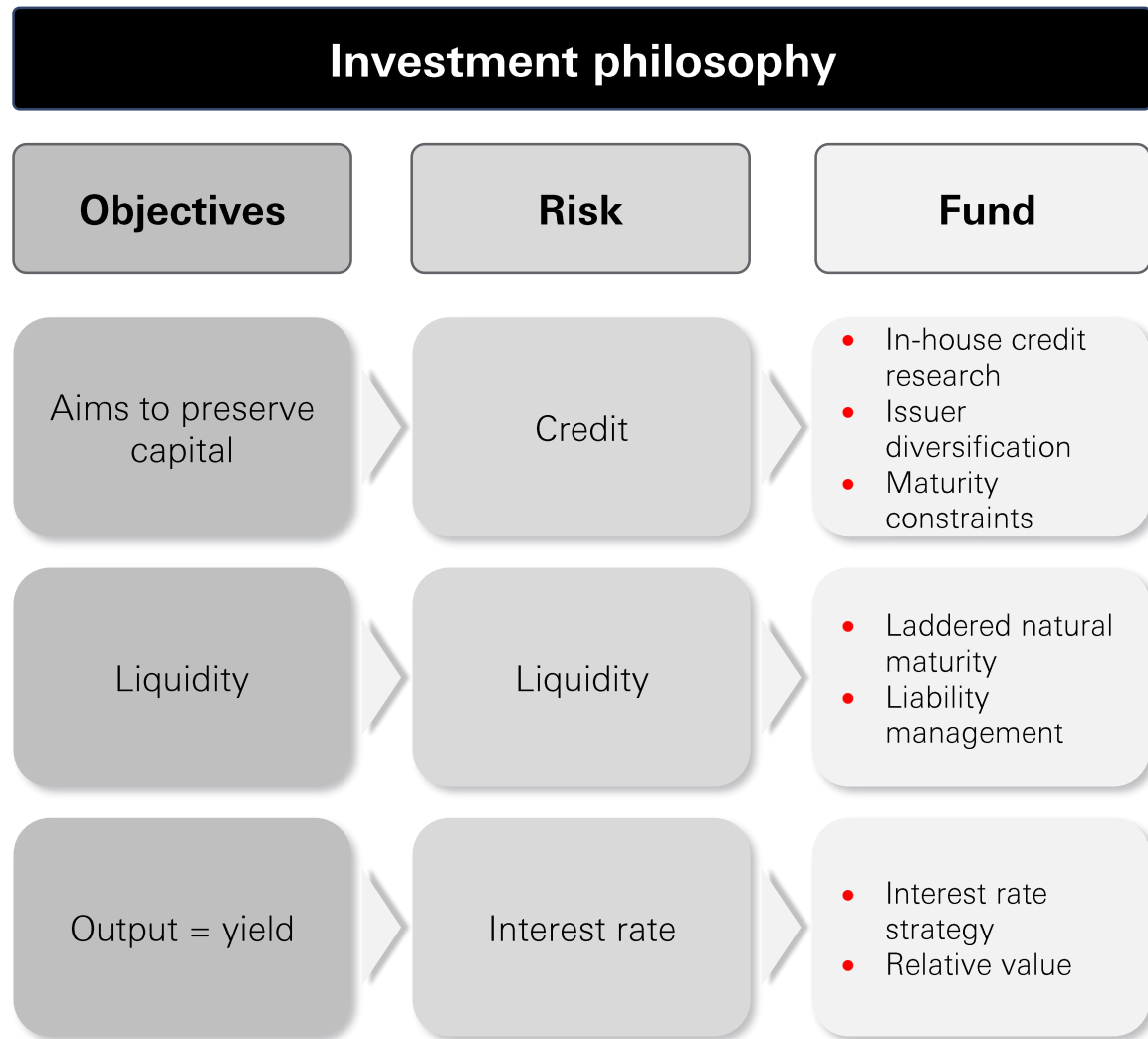
- **There is little differentiation of risk, and hence pricing, across top tier issuers in the money markets**

- Only through professional management can the different types of risk be understood and differentiation be achieved

- **Our investment process seeks to manage credit, liquidity, and interest rate risks**

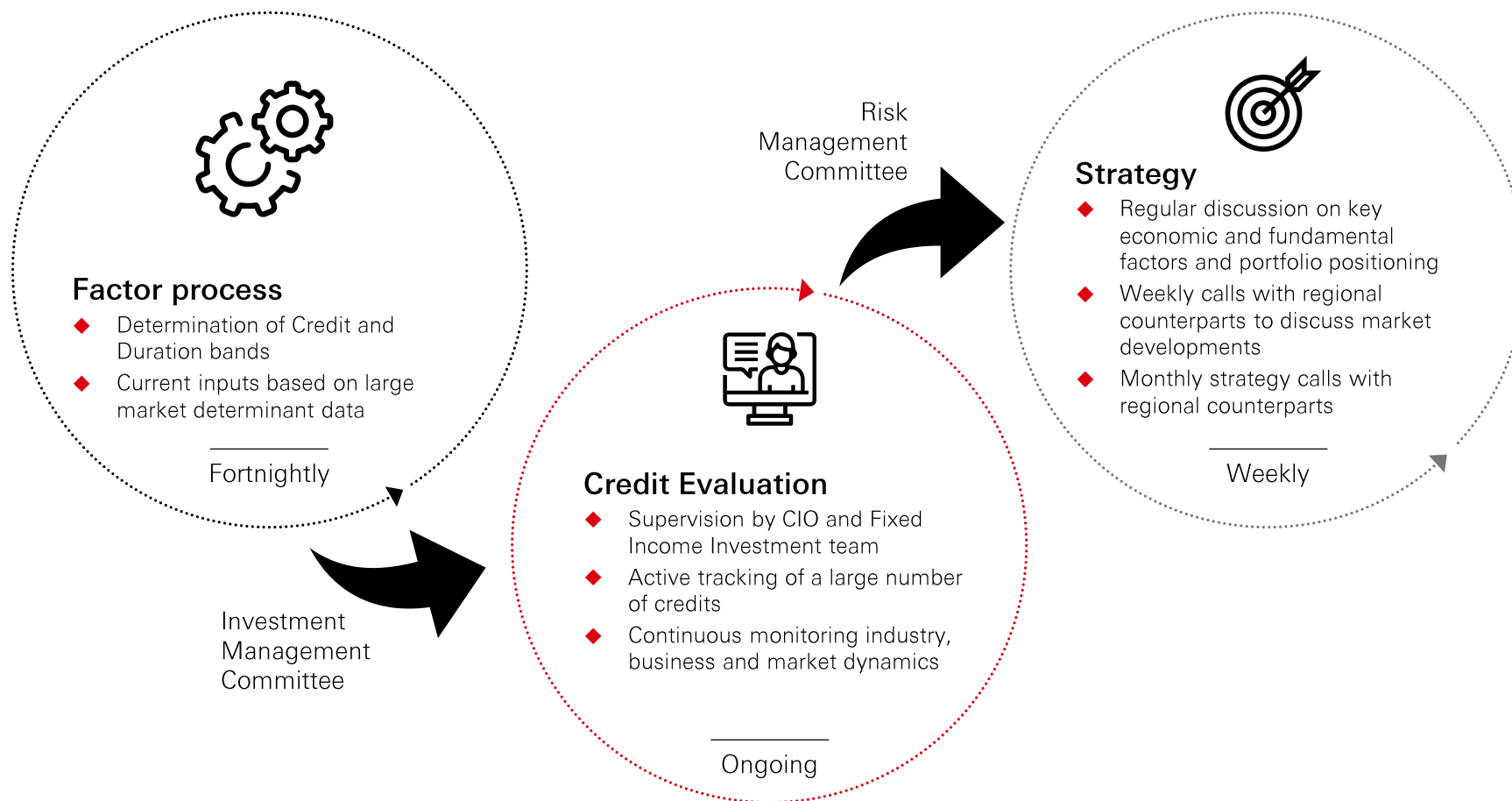
- **Asset management process is guided by:**

- In-depth research, assessment
- Monitoring of various potential risks as per the global standard set by Regulator & HSBC Asset Management



Aims to deliver consistent performance

## A holistic risk approach to a well diversified portfolio



Aims to maintain credit quality through strong credit research process

Step 1	Rating Criteria	➤	External Long Term Rating/Short Term Rating
Step 2	Fundamental Research:	➤	Industry, business, financial management, ESG and Relative value
Step 3	Tradability and liquidity	➤	Frequency of issuance and secondary liquidity
Step 4	Detailed discussion	➤	at credit forum
Step 6	Continuous Evaluation	➤	Earnings and company announcements Peer and industry impact Market indicators – trades in both equity & debt markets Monitoring at FOMC (internal committee), Risk committee

A strong credit quality process ensures lower risk in underlying investments

## Strong and optimum credit process

### Balance Risk and Return

Business Risk	Market Risk	Financial Risk	Structure Risk
Robust fundamental research – mitigate downgrade risk	Understand that “less liquidity” and “mispricing” is here to stay	Financial/ratios/Projections	Look for bond covenant protection such as guarantee (from stronger parent)
Monitor existing investments for unpredictable adverse events	Weightage to liquidity of instruments versus credit risk	Profitability	SPV (Special Purpose Vehicle) structures
Identifying investible names is more company specific and not sector specific		Liquidity	DSRA (Debt Service Reserve Account), Escrow, Cash trap
Despite GOI ownership in case of PSU names, fundamentals take precedence		Solvency	Change of control
Markets, business, drivers of growth and risk factors		Capital expenditure/ Working capital	

- ◆ Liquidity and downgrade risks managed through strong and optimum credit process <sup>1</sup>
- ◆ Interest rate risk managed through active duration management
- ◆ Downgrade Risks managed through strong and optimum credit process

Source: HSBC Asset Management India. The information above is provided by and represents the opinions of HSBC Global Asset Management and is subject to change without notice

1. Liquidity risks managed through evaluation of issuance / traded volumes, minimum holding of regulator specified liquid assets and stress testing.

## A continuous evaluation – Risk vs Return

### Continuous monitoring and reassessment of risk, differentiates HSBC MF from the Industry

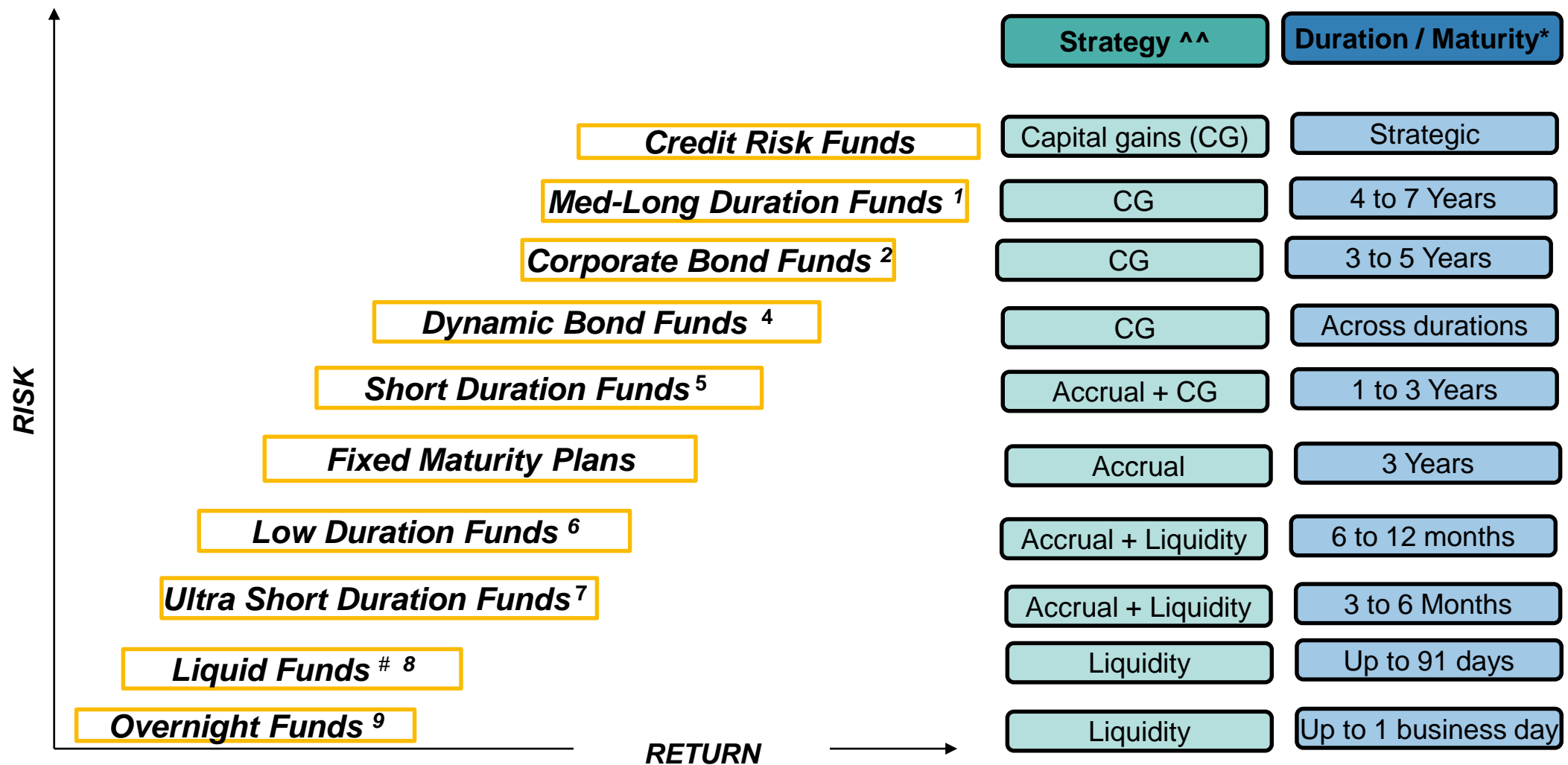
- ◆ Balanced approach to credit
  - To achieve optimal risk adjusted returns
  - Choose operating companies versus holding companies
  - Fundamental research is priority versus 'name lending' even in large groups and liquid names
  - Rating is used only as a filter rather than an active criteria
- ◆ Balanced approach in managing risk – lower issuer concentration
- ◆ No intra-month transactions which we cannot report in the fact sheet
  - We are transparent in our methods and confident of our management process
- ◆ 'True to Label' products
  - Duration and credit strategies are 'true to label'
  - We do not use 'proxy' for credit quality
  - Our duration strategy is played out using a combination of instruments rather than concentrated securities

Note - Investors are requested to note that some of the investment restrictions/guidelines referred to in this document may not be a part of product features of Fixed Income Funds of HSBC MF but are internal investment guidelines followed by HSBC Asset Management (India) Private Limited while managing investment related risks and executing various investment strategies. These internal investment guidelines can undergo changes from time to time without any intimation to the investors. Source: HSBC Asset Management India. The information above is provided by and represents the opinions of HSBC Asset Management and is subject to change without notice.

# Case for Fixed Income investing

# Fixed Income Fund Universe

Some of the diverse options based on risk, return and investment horizon



#Typical minimum investment horizon for investors, # There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>1</sup> An open ended debt scheme investing in instruments with Macaulay duration between 4 to 7 years, <sup>2</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds

<sup>4</sup> An open ended dynamic debt scheme investing across durations

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>7</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>9</sup> Overnight fund – An open ended debt scheme investing in overnight securities, <sup>8</sup> An open ended liquid scheme ^^General strategy followed by the fund categories

# What should one look for in 'Fund Selection'?

## Parameters that could help own winning combination

Parameter	Things to look for
True to label	<ul style="list-style-type: none"> <li>• 'True to label' status of the fund</li> <li>• Deviations from the mandate</li> <li>• Identify deviations with an analysis of interest rates, liquidity and credit risk</li> </ul>
Ownership structure	<ul style="list-style-type: none"> <li>• Parent group support</li> <li>• Long-term business plan</li> </ul>
Financial strength	<ul style="list-style-type: none"> <li>• Net worth and financial track record</li> </ul>
AMC and trustee	<ul style="list-style-type: none"> <li>• Independent directors / Trustees</li> </ul>
Management quality	<ul style="list-style-type: none"> <li>• Stability</li> <li>• Track record and experience</li> <li>• Organisation structure</li> </ul>

## Case for fixed income funds

Fixed Income funds are an alternative investment option to traditional savings

**Liquidity + low volatility + performance = fixed income funds advantage<sup>^</sup>**

Performance	Volatility	Risk <sup>^</sup>	Liquidity <sup>**</sup>	Credit Quality	Exit load	Surplus funds parking
<ul style="list-style-type: none"> <li>Fixed Income funds have the potential to deliver consistent and optimum risk adjusted performance</li> </ul>	<ul style="list-style-type: none"> <li>Fixed Income funds may subject to low volatility relative to other investment instruments due to the nature of underlying financial investment instruments such as GOI and corporate bonds</li> </ul>	<ul style="list-style-type: none"> <li>Funds such as cash fund carry low interest rate risk with its positioning at the shortest end of the yield curve</li> </ul>	<ul style="list-style-type: none"> <li>Offer high liquidity with redemption availability on any working day</li> </ul>	<ul style="list-style-type: none"> <li>Fixed Income fund category provides a choice of some of the most well regulated funds having relatively better credit quality management processes to mitigate risk</li> </ul>	<ul style="list-style-type: none"> <li>Some fixed income funds offer no exit load on redemption</li> </ul>	<ul style="list-style-type: none"> <li>Funds such as cash fund are one of the best options to park surplus money from a short to medium term perspective</li> </ul>

<sup>^</sup>There were two instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>\*\*</sup> As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request.

Past performance may or may not sustained in the future, Mutual fund investments are subject to market risks, read all scheme related documents carefully.

# HSBC Overnight Fund

Overnight fund – An open ended debt scheme investing in overnight securities

**Park your surplus money with confidence**

# HSBC Overnight Fund^ - A solution to your one day investment worries



**Best suitable to park idle money for reasonable returns and high liquidity**

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

<sup>\*\*</sup> 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.

# Case for Overnight Funds

## Reasonable risk adjusted performance

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

## 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

**Less volatile + Less risky + Highest liquidity = Reasonable performance**

\*\* 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.

# What are Overnight Funds and where do they invest?

- Overnight funds are debt funds that invest in debt and money market instruments having maturity of up to one business day

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Debt instruments*	Risk Profile	Price Risk
TREPS (Tri Party Repos)	Low	Nil
Reverse Repo	Low	Nil

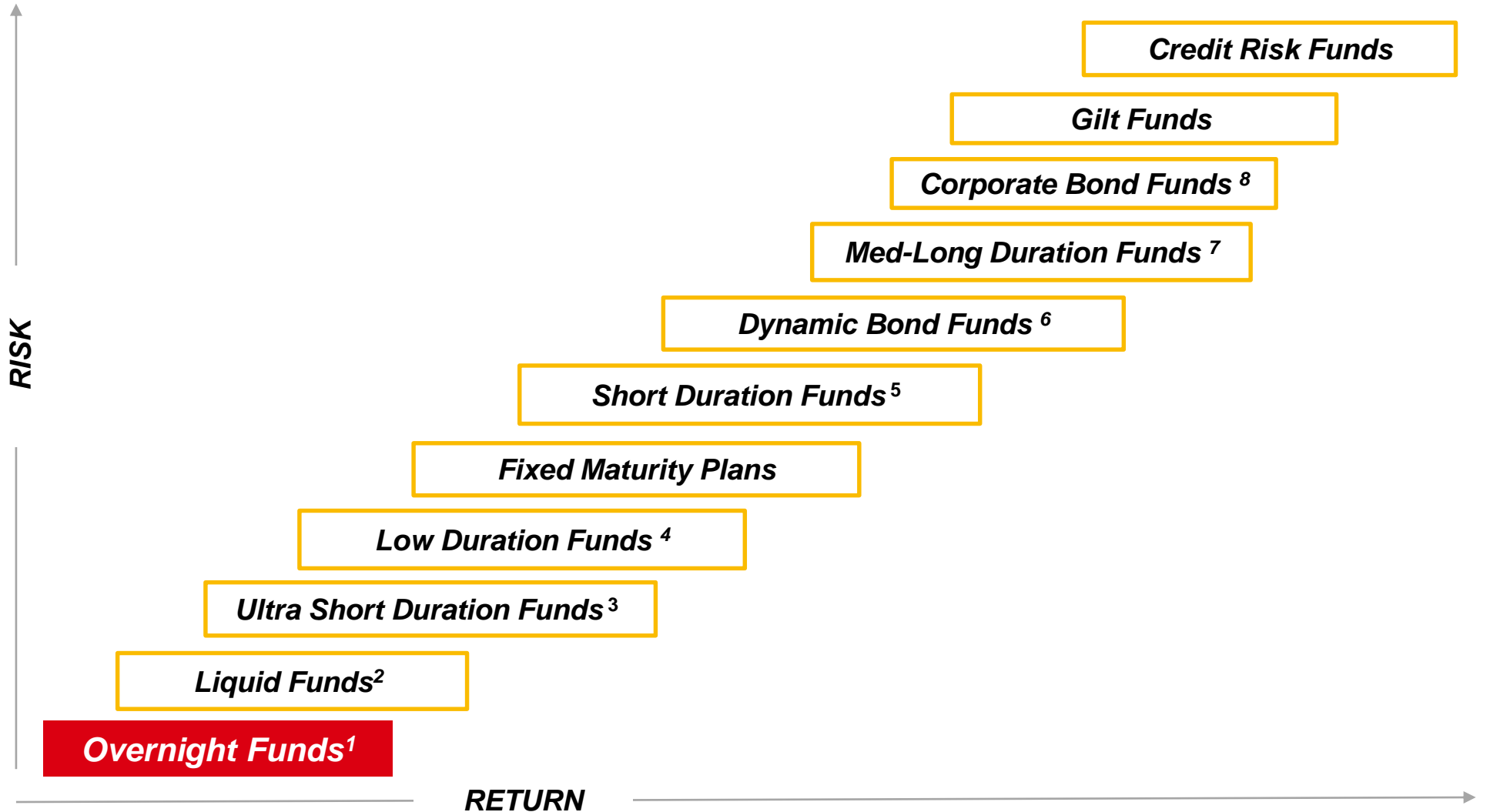
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- The primary objective of these funds is to seek to generate returns commensurate with low risk and providing high level of liquidity, through investments made primarily in overnight securities having maturity of up to 1 business day.
- Risk is low as interest rate changes may not affect the price of the security

**Overnight Fund's underlying investment reflect its lowest risk**

\* Above list is not exhaustive and for illustration purpose only. Overnight funds can invest in other instruments that includes Commercial Papers (CP), Certificate of Deposits (CD) and T-Bills with the maturity of 1 business day. Please refer the scheme information document for complete list of investment options.

# Positioning of Overnight Funds



**Overnight Funds are placed at the lowest risk level compared to other fixed income funds**

<sup>1</sup> Overnight fund – An open ended debt scheme investing in overnight securities. Overnight Fund redemption – the fund endeavors to make the payout within one business day on redemption.

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

# HSBC Overnight Fund (HOF)



The scheme aims to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities



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



**Benchmark** – Crisil Overnight Index



## Where can the fund invest?

- TREPS & reverse repos
- Money market instruments
- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- Debt obligations of government agencies and statutory bodies
- Debt obligations of banks
- Securities issued by Central / State governments
- Bank Fixed Deposits as permitted by SEBI
- Bills of Exchange / Promissory Notes
- Corporate debt
- Securitised Debt
- Other domestic fixed income securities

**The fund offers reasonable returns commensurate with low risk and high degree of liquidity**

Overnight funds can invest in above instruments having the maturity of 1 business day.  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Overnight Fund

## Fund overview

**Fund Manager**

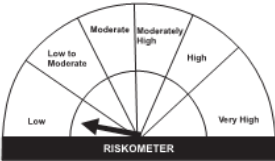

Kapil Punjabi

**Benchmark**

Crisil Overnight Index

**Inception Date**

22 May 2019

HSBC Overnight Fund Riskometer		
<p><b>HSBC Overnight Fund</b></p>  <p>Investors understand that their principal will be at Low risk</p>	<p><b>Overnight Fund:</b> An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>##</sup>:</b></p> <ul style="list-style-type: none"> <li>Income over short term and high liquidity</li> <li>Investment in debt &amp; money market instruments with overnight maturity.</li> </ul> <p><b><sup>##</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></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><b>Benchmark: CRISIL Overnight Fund A-I Index</b></p> 

Potential Risk Class (HSBC Overnight Fund)			
Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
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.

# HSBC Overnight Fund (HOF) - investment strategy



HSBC Overnight Fund aims to deliver returns in line with overnight call / money market rates.

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The scheme will have low risk and offer a very high degree of liquidity as it will invest only in overnight securities.

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Investments would be made normally in overnight securities including Tri-party Repo / reverse repos, debt instruments with overnight maturity / liquidity.

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**Offers return in-line with existing overnight call / money market rates**

# 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 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

**Investors with investment horizon of 1 day to 1 month**

# HSBC Cash Fund (HCF)

Liquid Fund - An Open Ended Liquid Scheme. Relatively low interest rate risk and relatively low credit risk.

**Solution for your surplus cash**



**HSBC**  
Asset Management

# HSBC Cash Fund^ - Solution for your surplus cash



**Suitable to park surplus cash for reasonable returns and high liquidity**

<sup>^</sup>Liquid Fund - An Open Ended Liquid Scheme. Relatively low interest rate risk and relatively low credit risk.

<sup>\*\*</sup> 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.

# Case for Cash (Liquid) funds

Cash funds - an alternative to traditional savings

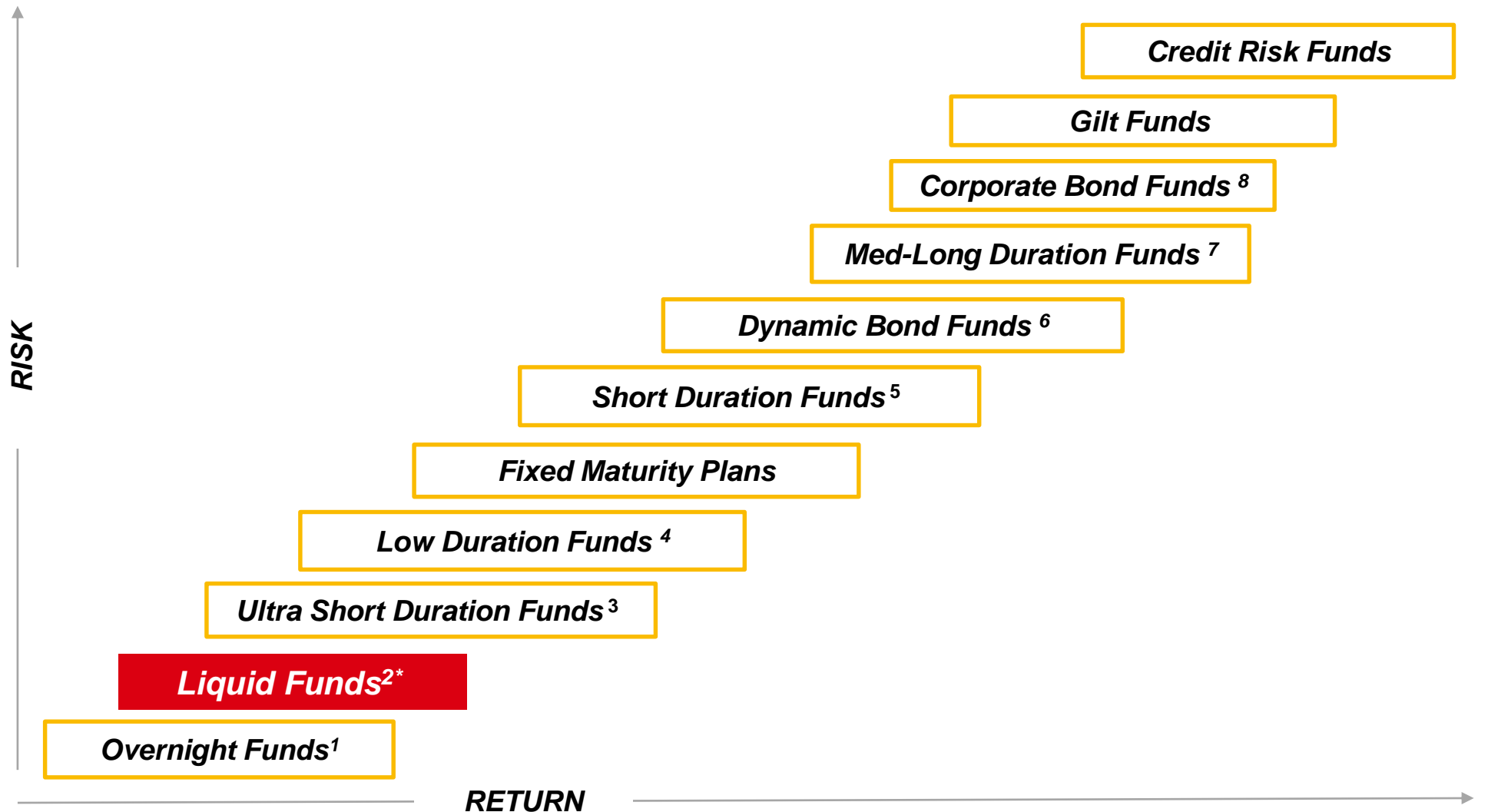
**Liquidity + low volatility + optimum performance = Cash fund advantage**

Performance	Volatility	Risk ^	Liquidity **	Credit Quality	Exit load	Surplus funds parking
<ul style="list-style-type: none"><li>Cash funds have the potential to deliver consistent and relatively optimum risk adjusted performance</li></ul>	<ul style="list-style-type: none"><li>Cash funds are subjected to low volatility as the maturity period is less than 91 days</li></ul>	<ul style="list-style-type: none"><li>Minimal interest rate risk with positioning at the shortest end of the yield curve</li></ul>	<ul style="list-style-type: none"><li>Offer high liquidity with redemption availability on any working day</li></ul>	<ul style="list-style-type: none"><li>Investments in the high credit quality instruments which generally have low capital risk</li></ul>	<ul style="list-style-type: none"><li>No exit load on redemption</li></ul>	<ul style="list-style-type: none"><li>One of the best options to park surplus money from a short to medium term perspective.</li></ul>

*^ Past performance may or may not be sustained in the future, Mutual fund investments are subject to market risks, read all scheme related documents carefully.*

*\*\* As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request.*

# Case for Cash (Liquid) funds



**Cash funds are placed at the bottom of the Risk-Return measure**

<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

## Where do cash fund invests?

Cash fund's underlying investment subject to low risk

**Cash funds generally invest in the following financial instruments \*  
having maximum maturity of up to 91 days**

### Asset Class Type

Commercial Papers (CP)

Certificate of Deposits (CD)

TREPS

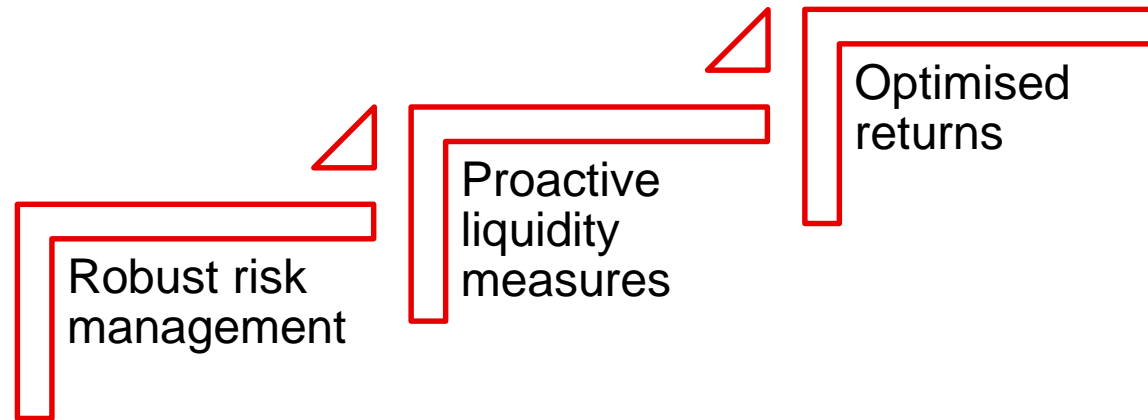
Treasury Bills

Reverse Repo

\* Cash fund can invest in other instruments also apart from the above instruments e.g. Bank FDs  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Cash Fund (HCF)

## Fund strategy



- To ensure optimal liquidity to suit the investor's requirements in various situations, our fund managers follow stringent liquidity, credit risk and interest rate risk norms
  - **Liquidity risk:** : In a stressed liquidity scenario, the fund manager would find it difficult to sell the Commercial Papers (CPs) as they tend to become less liquid during such time. Under HSBC Cash Fund, Fund Manager aims to maintain about 40% non CPs (which comprises of liquid CDs and cash).
  - **Credit risk:** The portfolio comprises of high credit quality papers. HSBC MF follows a thorough credit evaluation process and generally aims to restrict investments to minimum A1+ entities for HCF, A1+ is the highest possible short term rating
  - **Interest rate risk:** HSBC MF's internal investment policy restricts the maximum portfolio weighted average maturity of HSBC cash fund to 60 days as against the 91 days mandate for the liquid funds. This reduces interest rate risk relative to market from adverse movements in interest rates.

# HSBC Cash Fund (HCF)

## High credit quality portfolio

- **HSBC MF's investment guidelines are more stringent than regulatory prescribed guidelines and general market practices**
  - HCF invests predominantly in instruments rated minimum A1+ and generally does not invest more than 60% in CPs.
  - Maximum exposure for non-state owned banks generally will not exceed 5% and state owned banks exposure will not exceed 10%

Parameter	HSBC Investment Guidelines	Regulatory Investment Guidelines
Commercial Paper (CP) Allocation %	Up to 60%	No specific limits
Ratings (Minimum)	A1+	Investment grade
State owned banks	< = 10%	10% of a scheme of any one issuer which is rated above investment grade with a cap of 12% subject to the Board approval
Non State owned Banks	< = 5%	
Single non - bank group limit	< = 5%	20% of a scheme of any one issuer group which is rated above investment grade with a cap of 25% subject to the Board approval
More than 30 days assets (Up to 91 days) (Mark to Market – MTM)	<=70%	No specific limit

Note - Investors are requested to note that the HSBC Investment Guidelines referred to in this document are not part of product features of HSBC Cash Fund but are internal investment guidelines followed by HSBC Asset Management (India) Private Limited in managing investment related risks and executing various investment strategies. These internal investment guidelines can undergo changes from time to time without any intimation to the investors.

Data as of 30 June 2022 <= (less than or equal to),

# HSBC Cash Fund

## Fund overview

**Fund Manager**

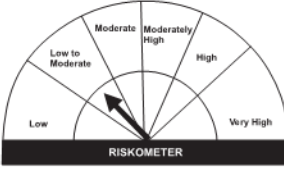
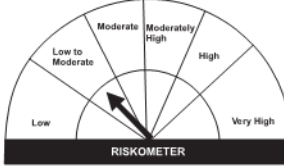
Kapil Punjabi

**Benchmark**

Crisil Liquid Fund Index

**Inception Date**

December 04, 2002

HSBC Cash Fund Riskometer		
<p><b>HSBC Cash Fund</b></p>  <p>Investors understand that their principal will be from Low to Moderate risk</p>	<p><b>Liquid Fund</b> - An Open Ended Liquid Scheme. Relatively low interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>**</sup>:</b></p> <ul style="list-style-type: none"> <li>• Overnight Liquidity over short term.</li> <li>• Invests in Money Market Instruments.</li> </ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p>Please note that the above risko-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), risko-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 risko-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><b>Benchmark: CRISIL Liquid Fund A-I index</b></p> 

Potential Risk Class (HSBC Cash 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.

# HSBC Ultra Short Duration Fund

Ultra Short Duration - An Open Ended Ultra-Short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and relatively low credit risk.

**An answer to your short term investment needs**



**HSBC**  
Asset Management

# Why Ultra Short Duration Funds?

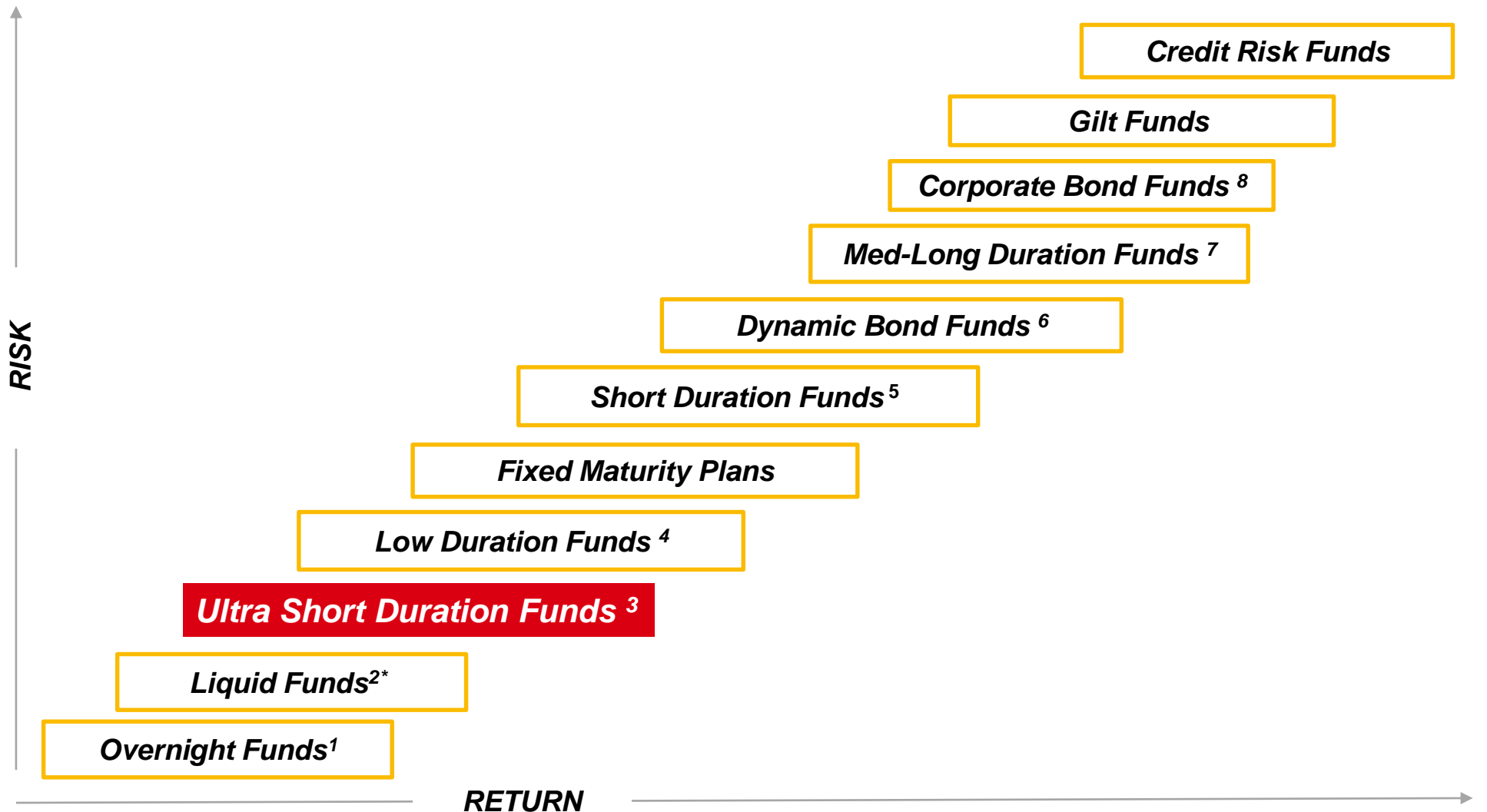
**Moderately low volatility & risk + liquidity = reasonable risk adjusted performance**

Reasonable risk adjusted performance	Moderately Low volatility	Moderately Low interest risk	Liquidity**
<ul style="list-style-type: none"><li>• Potential to deliver reasonable risk adjusted returns</li></ul>	<ul style="list-style-type: none"><li>• Given that these funds invest predominantly in short term fixed income instruments, USDFs are subjected to moderately low volatility.</li></ul>	<ul style="list-style-type: none"><li>• Low interest rate risk due to the positioning of USDFs at the shorter end of the yield curve.</li></ul>	<ul style="list-style-type: none"><li>• As an open ended fund offers liquidity with redemption availability on any working day.</li></ul>

- Ultra Short Duration Funds are subject to portfolio Macaulay duration\* of 3 - 6 months.
- These funds are suitable for moderately conservative investors with investment horizon of 1 to 6 months.

\*\* As per the Regulations, the Ultra Short Duration Funds shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request.

# Positioning of Ultra Short Duration Funds



<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

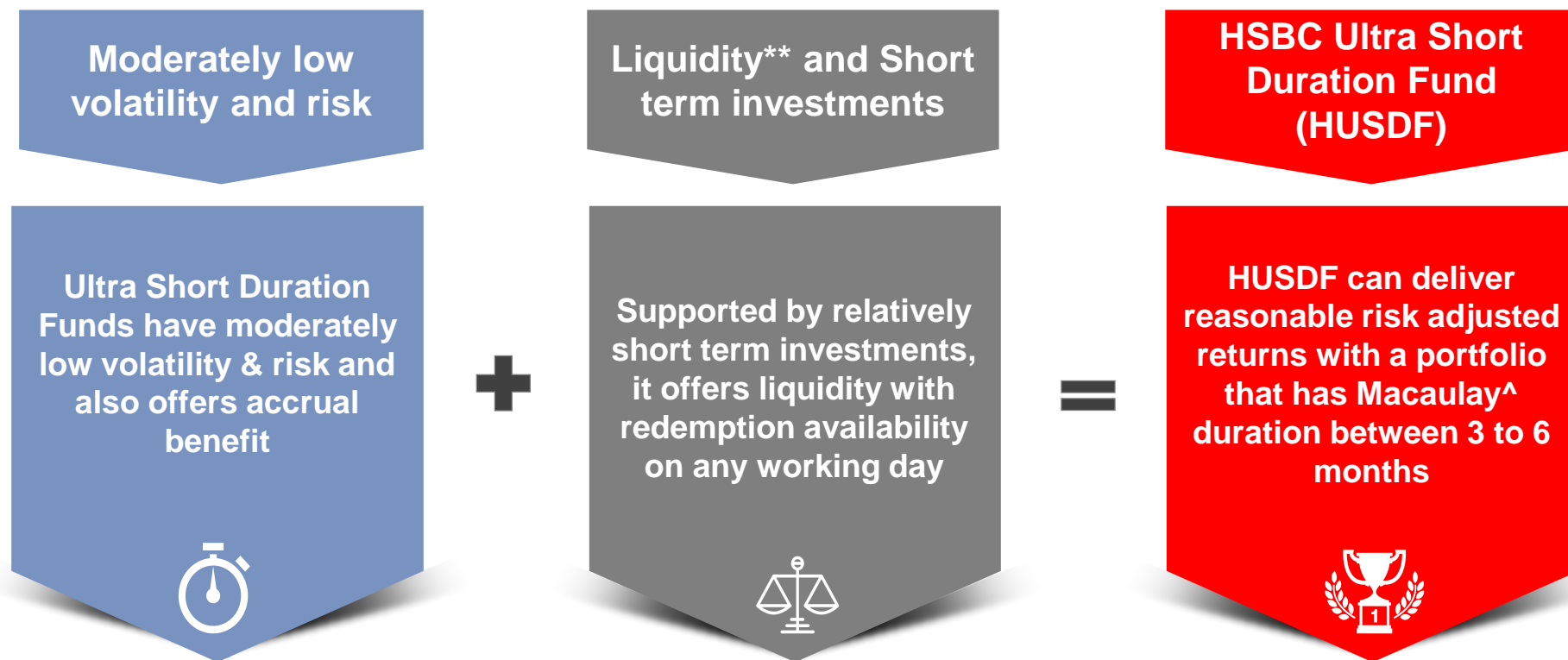
<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

# HSBC Ultra Short Duration Fund<sup>^</sup>




**A solution to short term investment needs**

<sup>^</sup>Ultra Short Duration - An Open Ended Ultra-Short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and relatively low credit risk.

\*\* As per the regulations, the Ultra Short Duration Fund shall dispatch the redemption proceeds within 10 business days from the date of acceptance of redemption request.


Note - The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

# HSBC Ultra Short Duration Fund (HUSDF)

 **HSBC Ultra Short Duration Fund** is an open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months.

 **Benchmark** – CRISIL Ultra Short Term Debt Index

## Where can the fund invest?^

- 
- Securities - Central, State & local governments
  - Debt obligations - government agencies & statutory bodies
  - Corporate debt
  - Debt obligations of banks
  - Money market instruments
  - Certificate of Deposits (CDs)
  - Commercial Paper (CPs)
  - Bills of Exchange / Promissory Notes
  - Securitized Debt

**HUSDF offers reasonable returns commensurate with low risk and high degree of liquidity**

^ The above investment list is indicative and not exhaustive. HSBC Ultra Short Duration Fund can invest in other instruments so that portfolio duration is maintained between 3 to 6 months. Refer to the Scheme Information Document (SID) for complete list of allowed investment instruments

# HSBC Ultra Short Duration Fund

## Fund overview

**Fund Manager**



Kapil Punjabi

**Benchmark**

CRISIL Ultra Short Term Debt Index

**Inception Date**

30 Jan 2020

HSBC Ultra Short Duration Fund Riskometer		
<p><b>HSBC Ultra Short Duration Fund</b></p>  <p>Investors understand that their principal will be from Low to Moderate risk</p>	<p><b>Ultra Short Duration Fund</b> - An Open ended Ultra-Short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration, Relatively low interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>##</sup>:</b></p> <ul style="list-style-type: none"> <li>Income over short term with Low volatility.</li> <li>Investment in debt &amp; money market instruments such that the Macaulay Duration of the portfolio is between 3 months - 6 months.</li> </ul> <p><b><sup>##</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></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><b>Benchmark:</b> CRISIL Ultra Short Duration Fund A-I Index</p> 

Potential Risk Class (HSBC Ultra Short Duration Fund)			
Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
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.

# HSBC Ultra Short Duration Fund (HUSDF) - Investment strategy^



HUSDF invests up to 100% in debt and money market instruments with overall portfolio Macaulay duration in the range of 3 to 6 months.



The Macaulay duration of the portfolio will be 3 - 6 months and within this range the duration management would be largely dependent on investment team's view on rates, yield curve, liquidity, etc.



The Fund would largely maintain high credit quality portfolio of securities with investment predominantly in securities that have highest short term credit quality rating.



Given the 3 - 6 months portfolio duration requirement, the Fund would have exposure to money market instruments such as Bank Certificates of Deposit (CDs) and Commercial Papers (CPs).



The security selection would be driven by investment team's view on credit spreads, liquidity and the risk reward assessment of each security.

^The above strategy is indicative and not exhaustive. HSBC Ultra Short Duration Fund can invest in other instruments so that portfolio duration is maintained between 3 to 6 months. Refer to the Scheme Information Document (SID) for complete list of allowed investment instruments and detailed investment strategy

# Portfolio construction and guiding principle

## Positioning of 3 - 6 months portfolio with respect to yield curve

- Money market rates are seasonable in nature.
- Rates tend to move up during every quarter end and drop in subsequent month to quarter end.
- Aim to capitalise on the opportunity by positioning in asset maturing beyond March quarter.

## Guiding principle on Construction of portfolio in terms of credit quality.

- Securities with high credit quality and liquidity

**Aims to gain from seasonal nature of money market rates**

The above strategy is indicative and not exhaustive. HSBC Ultra Short Duration Fund can invest in other instruments so that portfolio duration is maintained between 3 to 6 months. Refer to the offer document for complete list of allowed investment instruments and detailed investment strategy.

# HSBC Low Duration Fund (HLDF)

Low Duration Fund - An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and moderate credit risk..

## Low Duration strategy



**HSBC**  
Asset Management

## Case for Low Duration funds #

Low Duration funds - an alternative to traditional short/medium term savings

**Liquidity + low volatility + performance = Low Duration fund advantage**

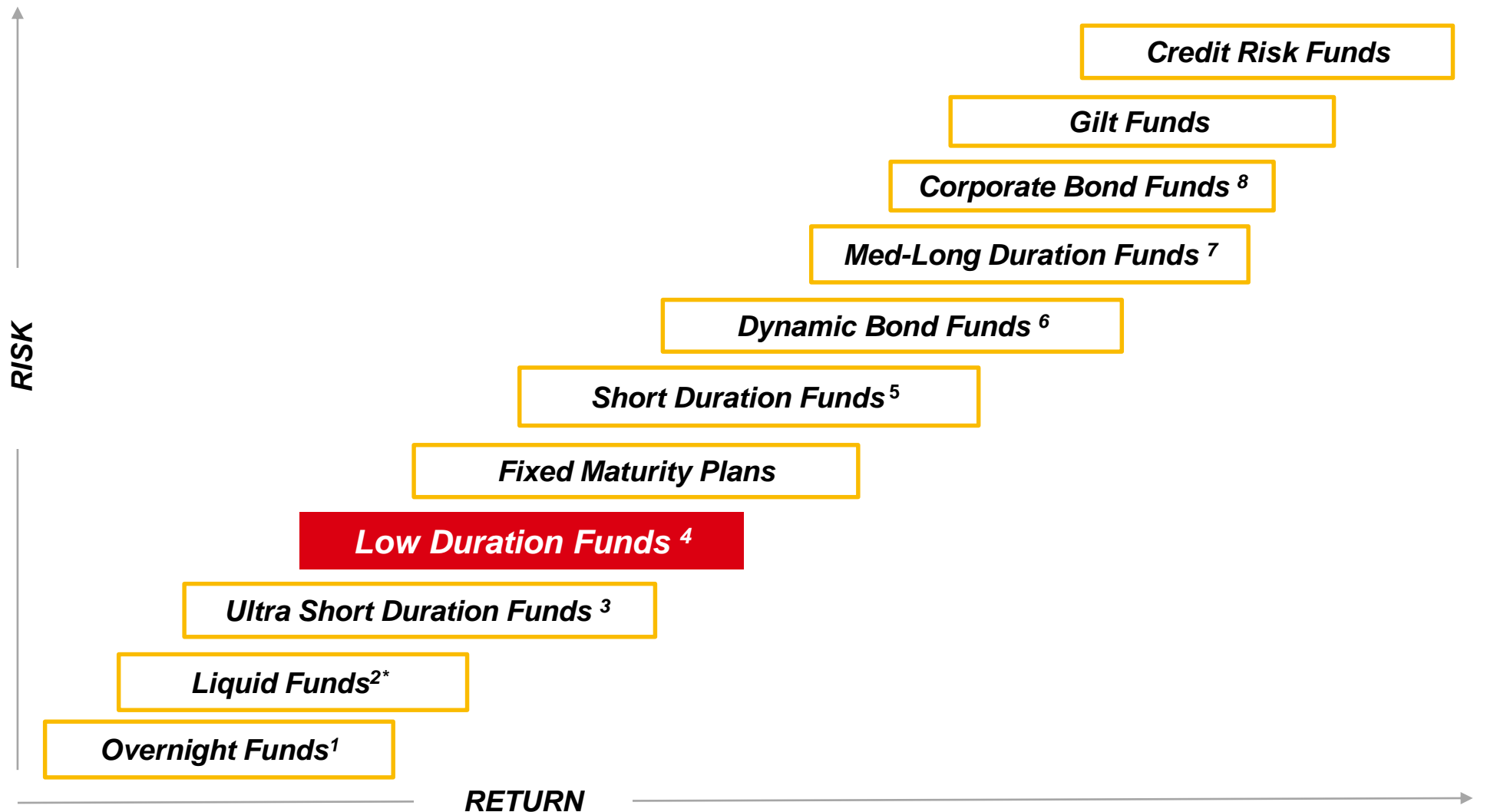
Performance	Volatility	Risk ^	Liquidity ** ^	Credit Quality	Exit load	Surplus funds parking
<ul style="list-style-type: none"><li>• Low Duration funds have the potential to deliver consistent and relatively better risk adjusted performance</li></ul>	<ul style="list-style-type: none"><li>• These funds may subject to low volatility due to the lower maturity compared to other long duration products</li></ul>	<ul style="list-style-type: none"><li>• Low interest rate risk with its positioning at the shorter end of the yield curve</li></ul>	<ul style="list-style-type: none"><li>• Can offer liquidity with redemption availability on any working day</li></ul>	<ul style="list-style-type: none"><li>• Investments could be in the high credit quality instruments which generally have relatively low capital risk compared to other long duration financial instruments</li></ul>	<ul style="list-style-type: none"><li>• May not be subjected to exit load on redemption</li></ul>	<ul style="list-style-type: none"><li>• One of the quality options to park the surplus money from a medium term perspective</li></ul>

<sup>^</sup>Past performance may or may not sustained in the future, Mutual fund investments are subject to market risks, read all scheme related documents carefully.

<sup>\*\*</sup> As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request.

<sup>#</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

# Case for Low Duration Funds



**USDFs are placed at the moderately lower risk levels**

<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

## Where Low Duration fund invests?

These fund's underlying investment may subject to relatively lower risk

**Low Duration funds generally invests in the following financial instruments \***

### Asset Class Type

Commercial Papers (CP)

Certificate of Deposits (CD)

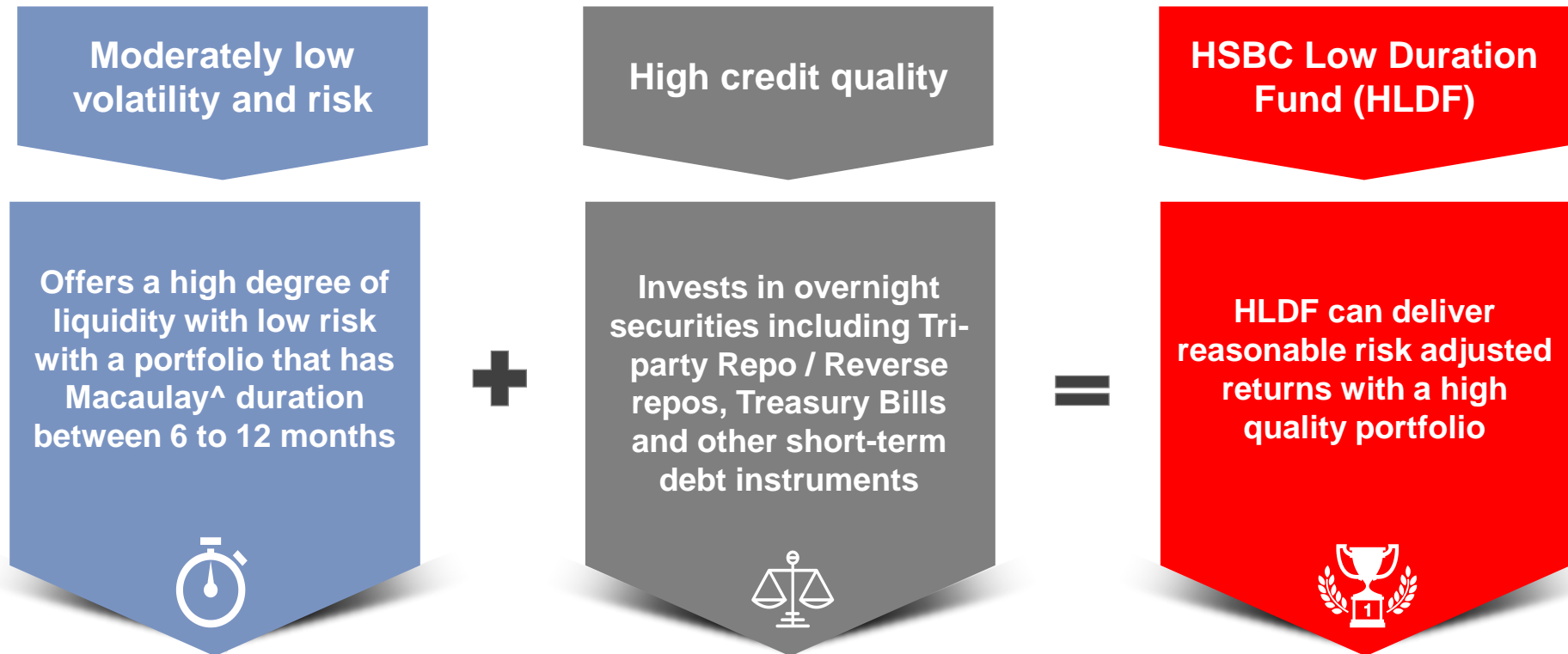
TREPS

Treasury Bills

Reverse Repo

\* Low Duration funds can invest in other instruments also apart from the above instruments  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Low Duration Fund<sup>^</sup>



**Low duration strategy with high credit quality investments**

<sup>^</sup> Low Duration Fund - An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and moderate credit risk..

Note - The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

# HSBC Low Duration Fund

## Fund overview

**Fund Manager**



Kapil Punjabi

**Benchmark**

CRISIL Low Duration Debt Index<sup>1</sup>

**Inception Date**

17 October 2006

HSBC Low Duration Fund Riskometer		
<p><b>HSBC Low Duration Fund</b></p> 	<p><b>Low Duration Fund</b> - An open ended Low Duration Debt Scheme investing in instruments such that the Macaulay<sup>A</sup> duration of the portfolio is between 6 months to 12 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration, Relatively low interest rate risk and moderate credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>A</sup>:</b></p> <ul style="list-style-type: none"> <li>• Liquidity over short term.</li> <li>• Investment in debt and money market instruments such that the Macaulay<sup>A</sup> duration of the portfolio is between 6 months to 12 months.</li> </ul> <p><b><sup>A</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p><small>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.</small></p>	<p><b>Benchmark: CRISIL Low Duration Fund B-I Index</b></p> 

Potential Risk Class (HSBC Low Duration Fund)			
Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)		<b>B-I</b>	
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.

Data as of 30 June 2022

<sup>1</sup> Benchmark of the scheme is changed to CRISIL Ultra Short Term Debt Index effective 14 March 2018, which is now renamed to Crisil Low Duration Debt Index.

# HSBC Short Duration Fund (HSDF)

Short Duration Fund An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Moderate interest rate risk and moderate credit risk.

## Short Duration strategy

## Case for Short Duration Funds

Short Duration Funds offer capital appreciation in favourable interest rate scenario

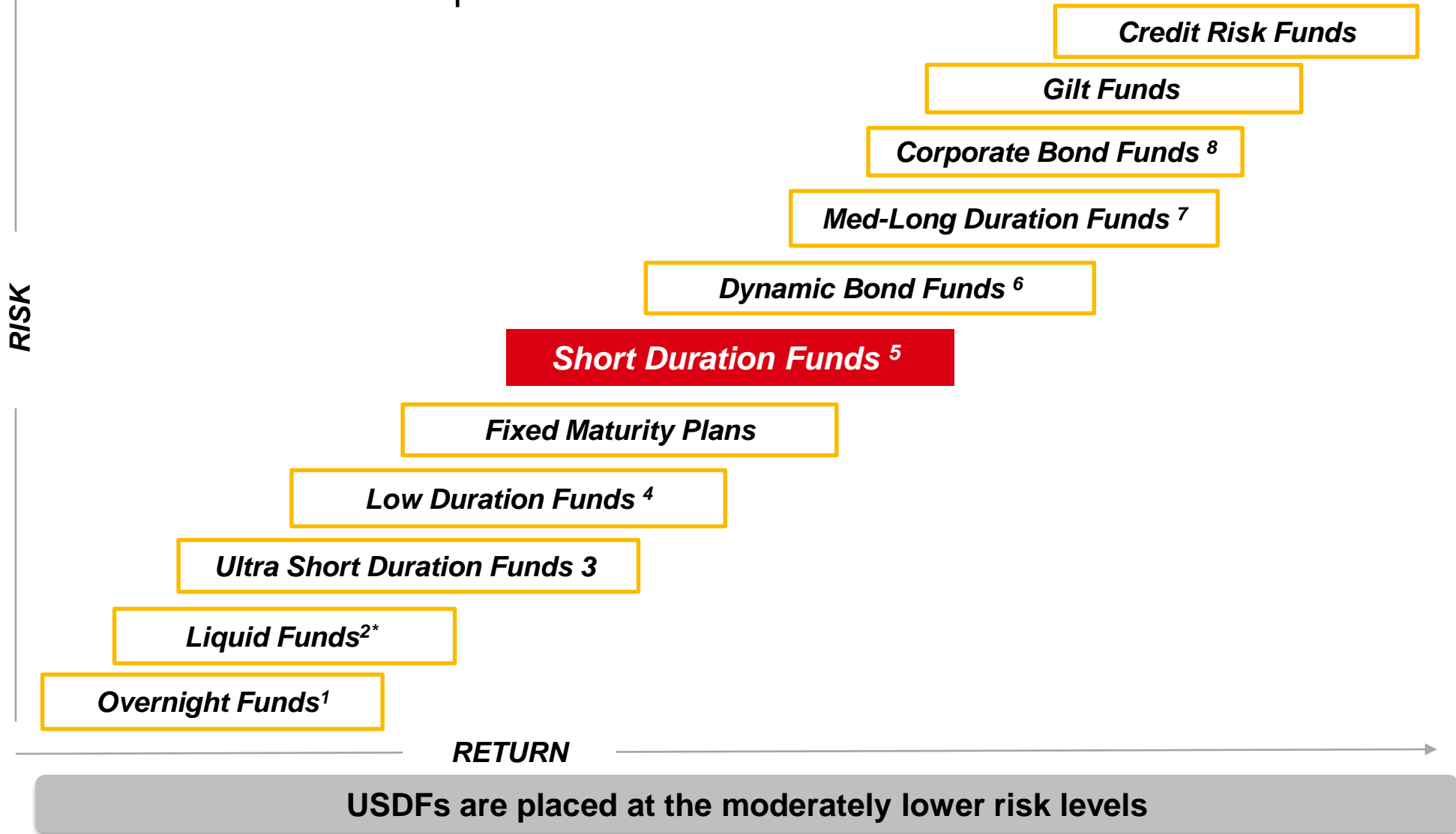
**Moderate volatility + potential performance = Short Duration Fund**

Performance	Volatility	Risk	Liquidity **	Credit Quality	Exit load
<ul style="list-style-type: none"><li>• Potential to deliver relatively optimum performance in a stable interest rate environment while they are subjected to moderate interest rate risk</li></ul>	<ul style="list-style-type: none"><li>• Short Duration Funds are subjected to moderate volatility which may reflect in relatively moderate performance in favourable interest rate environment</li></ul>	<ul style="list-style-type: none"><li>• Relatively moderate interest rate risk</li></ul>	<ul style="list-style-type: none"><li>• Offer moderate liquidity with redemption availability on any working day</li></ul>	<ul style="list-style-type: none"><li>• Investments in quality credit instruments</li></ul>	<ul style="list-style-type: none"><li>• May not be subjected to exit load on redemption</li></ul>

\*\* As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request. Past performance may or may not be sustained in the future. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

# Case for Short Duration Fund

Short Duration funds are placed at the mid level of the Risk-Return measure



<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

# Where do Short Duration Fund invests?

## Underlying investments

**Short Duration Funds generally invest in the following financial instruments\*:**

---

### Asset Class Type

Corporate Bonds

Government Securities

Commercial Papers (CP)

Certificate of Deposits (CD)

TREPS

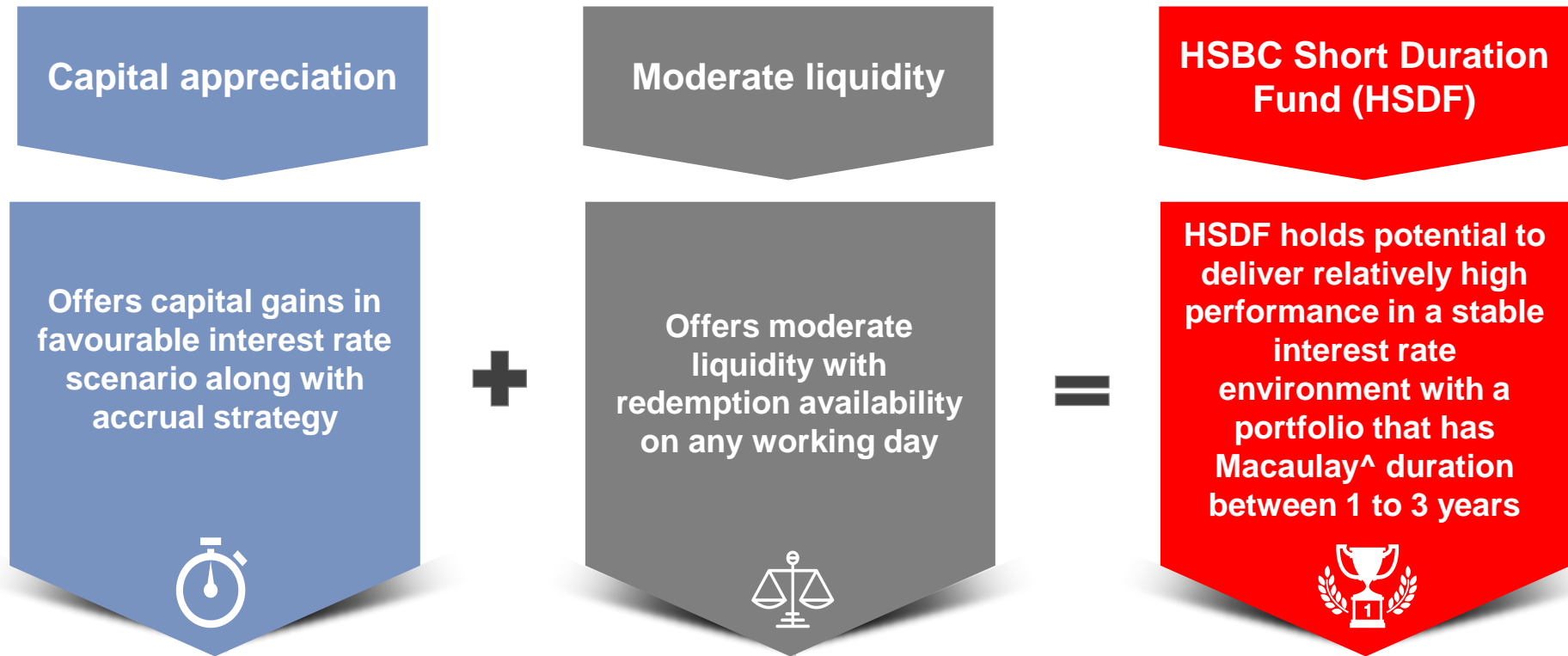
Treasury Bills

Reverse Repo

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\* Short Duration Funds can invest in other instruments also apart from the above instruments  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Short Duration Fund (HSDF)^



**Short Duration strategy that can offer capital gains and accrual strategy**

^ Short Duration Fund An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Moderate interest rate risk and moderate credit risk.

Note - The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

# HSBC Short Duration Fund

## Fund overview

**Fund Manager**



Ritesh Jain

**Benchmark**

Crisil Short Term Bond Fund Index

**Inception Date**

10 December 2002

HSBC Short Duration Fund Riskometer		
<p><b>HSBC Short Duration Fund</b></p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be from Low to Moderate risk</p>	<p><b>Short Duration Fund</b> - An open ended Short Term Debt Scheme investing in instruments such that the Macaulay ^ duration of the portfolio is between 1 year to 3 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Moderate interest rate risk and moderate credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>##</sup>:</b></p> <ul style="list-style-type: none"> <li>• Regular Income over Medium term.</li> <li>• Investment in diversified portfolio of fixed income securities such that the Macaulay<sup>^</sup> duration of the portfolio is between 1 year to 3 years.</li> </ul> <p><b><sup>##</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p><small>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.</small></p>	<p><b>Benchmark: CRISIL Short Term Bond Index</b></p>  <p><b>RISKOMETER</b></p>

Potential Risk Class (HSBC Short Duration Fund)			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)		<b>B-II</b>	
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."

# HSBC Flexi Debt Fund (HFDF)

Dynamic Bond Fund - An open ended dynamic debt scheme investing across duration. Please refer Page no. 10 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and relatively low credit risk.

## Dynamic strategy



**HSBC**  
Asset Management

# Case for HSBC Flexi Debt Fund

Flexi Debt Fund comes under Dynamic Bond funds

## Dynamic Bond funds - flexible on duration and offer

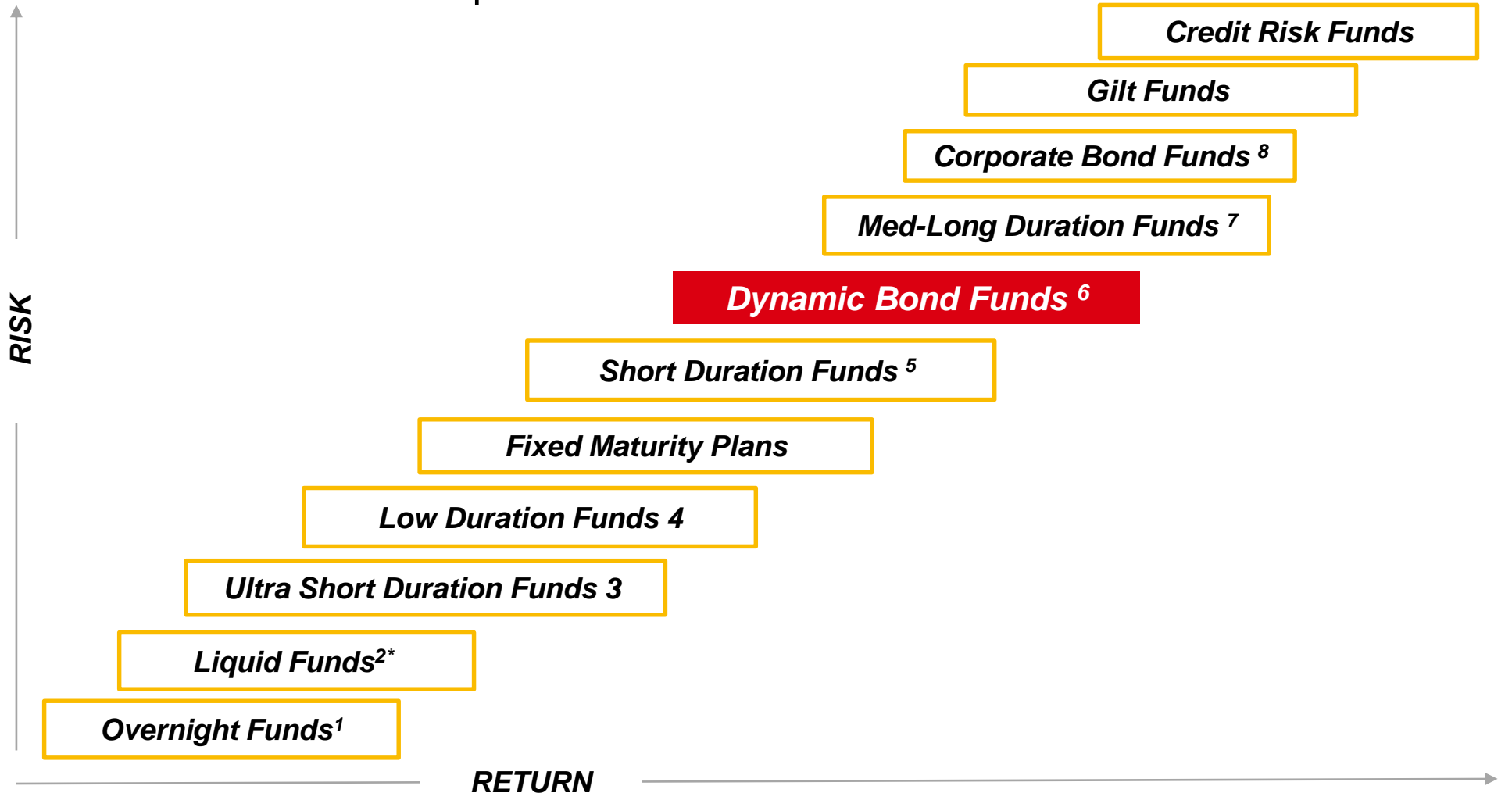
Performance	Volatility	Risk ^	Liquidity **	Credit Quality	Exit load
<ul style="list-style-type: none"><li>Flexi Debt funds have the potential to deliver optimum risk adjusted performance while they are also subjected to relatively higher risk</li></ul>	<ul style="list-style-type: none"><li>Flexi Debt funds are subjected to moderate volatility</li></ul>	<ul style="list-style-type: none"><li>Relatively moderate interest rate risk with an availability of flexibility to position the portfolio in favourable duration</li></ul>	<ul style="list-style-type: none"><li>Offers moderate liquidity with redemption availability on any working day though subjected to moderate NAV movement</li></ul>	<ul style="list-style-type: none"><li>Investments in high credit quality instruments that generally have low capital risk</li></ul>	<ul style="list-style-type: none"><li>May not be subjected to exit load on redemption</li></ul>

*^ Past performance may or may not be sustained in the future, Mutual fund investments are subject to market risks, read all scheme related documents carefully.*

*\*\* As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request. redemptions before 3:00 p.m. proceeds next day*

# Case for Short Duration Funds

Short Duration funds are placed at the mid level of the Risk-Return measure



**USDFs are placed at the moderately lower risk levels**

<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

## Where do Dynamic Bond fund invests?

Dynamic Bond fund's underlying investments with risk profile

**Dynamic Bond funds generally invest in the following financial instruments \*  
with flexibility on maturity period based on the favorable grounds**

---

### Asset Class Type

Corporate Bonds

Government Securities

Commercial Papers (CP)

Certificate of Deposits (CD)

TREPS

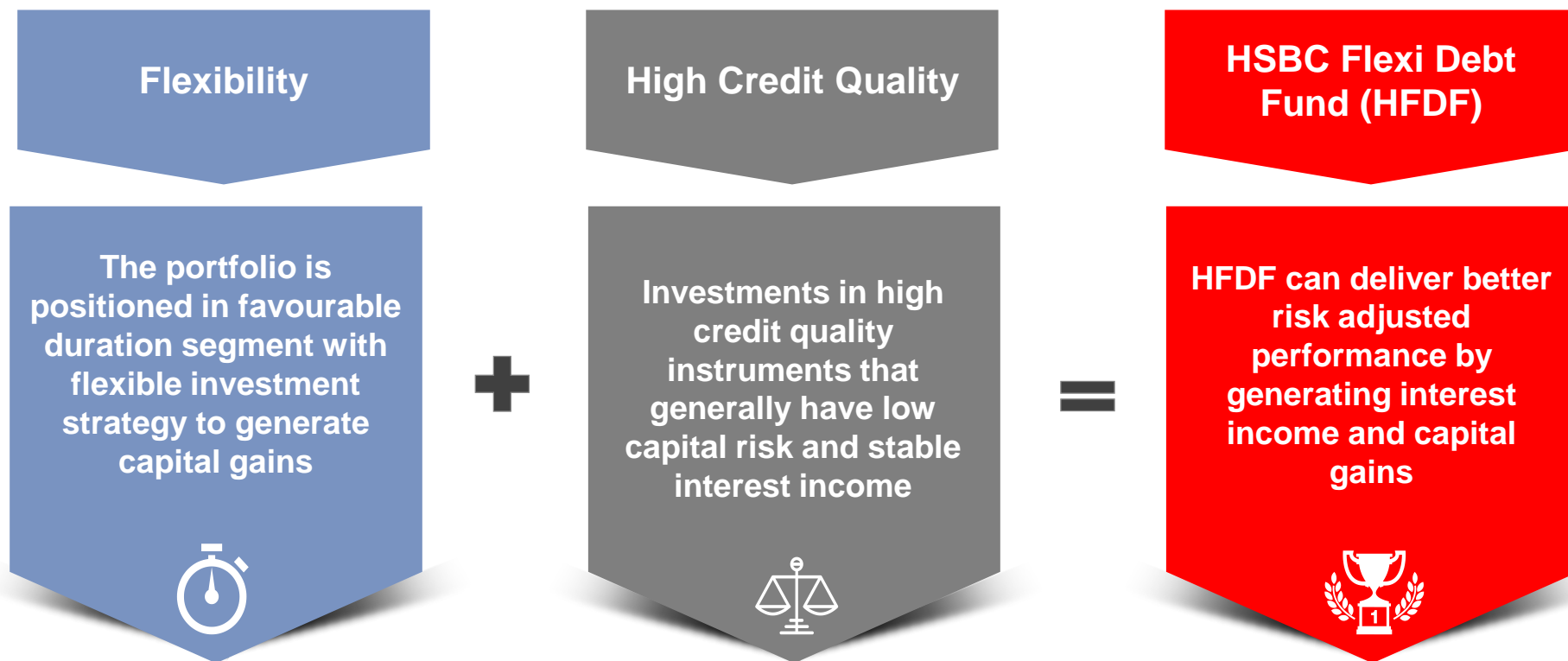
Treasury Bills

Reverse Repo

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\* Dynamic Bond funds can invest in other instruments also apart from the above instruments  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Flexi Debt Fund (HFDF)^



**Flexible investment strategy to gain from favourable duration segment**

^ Dynamic Bond Fund - An open ended dynamic debt scheme investing across duration. Please refer Page no. 10 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and relatively low credit risk.

# HSBC Flexi Debt Fund

## Fund overview

**Fund Manager**


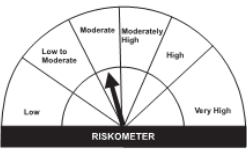
Ritesh Jain

**Benchmark**

Crisil Composite Bond Fund Index

**Inception Date**

5 October 2007

HSBC Flexi Debt Fund Riskometer		
<p><b>HSBC Flexi Debt Fund</b></p>  <p>Investors understand that their principal will be at Moderate risk</p>	<p><b>Dynamic Bond Fund</b> - An open ended dynamic debt scheme investing across duration. Please refer Page no. 9 of the SID for explanation on Macaulay duration, Relatively high interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>##</sup>:</b></p> <ul style="list-style-type: none"> <li>• Regular Income over long term</li> <li>• Investment in Debt / Money Market Instruments.</li> </ul> <p><b><sup>##</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></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><b>Benchmark:</b> <b>CRISIL Dynamic Bond Fund A-III Index</b></p> 

Potential Risk Class (HSBC Flexi Debt Fund)			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	A-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.

# HSBC Debt Fund (HDF)

Medium to Long Duration Fund - An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and moderate credit risk.

## A medium to long duration strategy



**HSBC**  
Asset Management

# Case for Medium to Long Duration Funds

Capital appreciation in favourable interest rate outlook

## Medium to Long Duration funds offer:

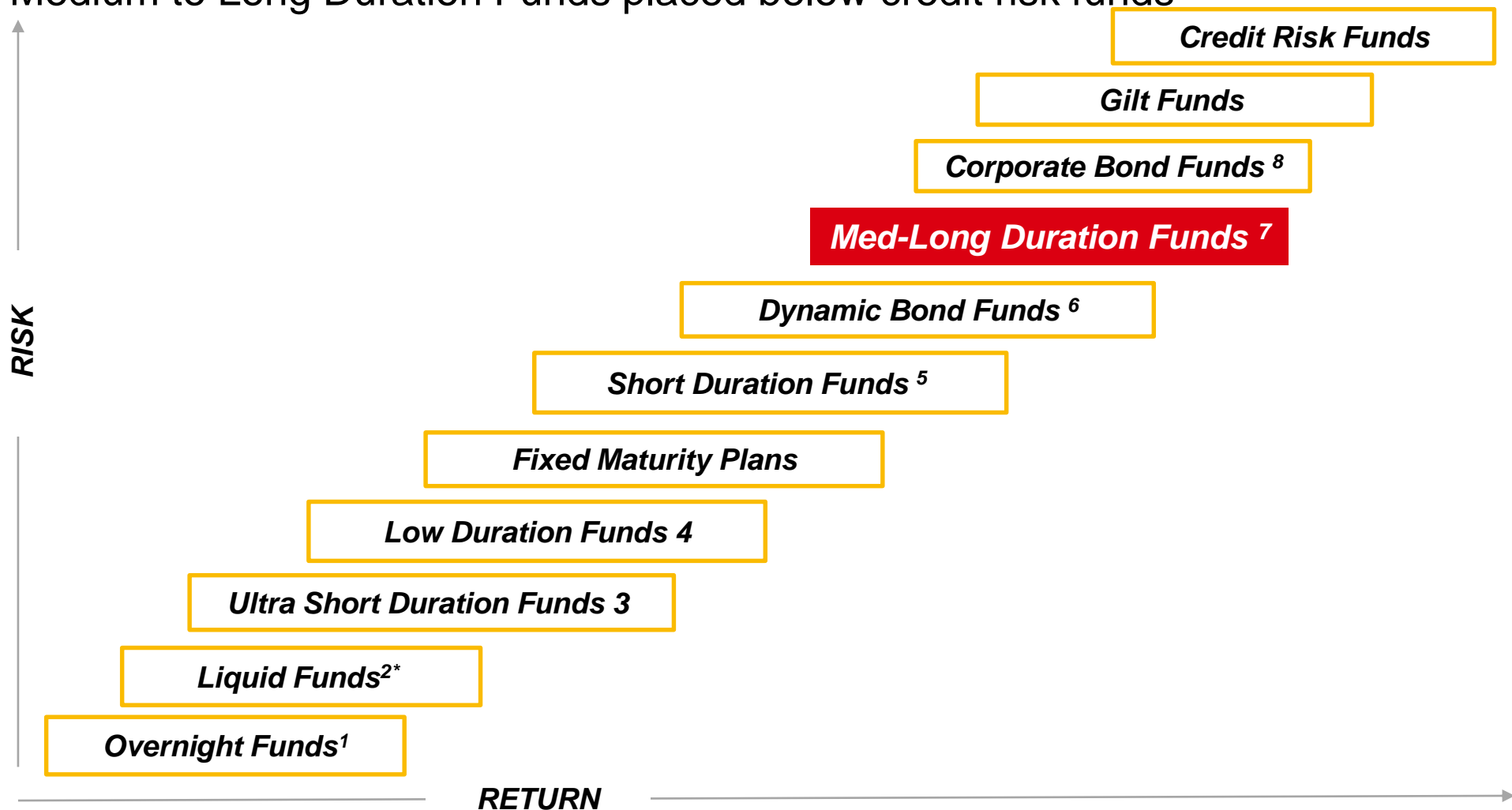
Performance	Volatility	Risk ^	Liquidity **	Credit Quality	Exit load
<ul style="list-style-type: none"><li>• In a falling interest rate scenario, medium to long duration funds have potential to deliver relatively better performance over other fixed income investing options while they are subjected to moderately high risk</li></ul>	<ul style="list-style-type: none"><li>• These funds are subjected to moderately high volatility which may reflect in relative moderately high performance in favourable interest rate environment</li></ul>	<ul style="list-style-type: none"><li>• Moderately high Interest rate risk in a rising interest rate scenario</li></ul>	<ul style="list-style-type: none"><li>• Offers moderate liquidity with redemption availability on any working day though subjected to moderate to high NAV movement</li></ul>	<ul style="list-style-type: none"><li>• Investments in high credit quality instruments</li></ul>	<ul style="list-style-type: none"><li>• May not be subjected to exit load on redemption</li></ul>

^ Past performance may or may not be sustained in the future, Mutual fund investments are subject to market risks, read all scheme related documents carefully.

\*\*As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request. redemptions before 3:00 p.m. proceeds next day

# Case for Medium to Long Duration Funds

Medium to Long Duration Funds placed below credit risk funds



**USDFs are placed at the moderately lower risk levels**

<sup>1</sup> Overnight Fund redemption – The fund endeavors to make the payout within one business day on redemption. Overnight fund – An open ended debt scheme investing in overnight securities

<sup>2</sup> Liquid Funds - An open ended Liquid Scheme. \*There were 2 instances on July 16, 2013 and July 24, 2013 when the liquid funds gave negative one-day return

<sup>3</sup> An open ended ultra-short term debt scheme investing in instruments with Macaulay duration between 3 months and 6 months

<sup>4</sup> An open ended low duration debt scheme investing in instruments with Macaulay duration between 6 months and 12 months

<sup>5</sup> An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years

<sup>6</sup> An open ended Dynamic Debt Scheme investing across duration

<sup>7</sup> An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years.

<sup>8</sup> An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds **PUBLIC**

# Where do Medium to Long Duration Funds invest?

Underlying investments with risk profile

**Medium to Long Duration Funds generally invest in the following financial instruments \* based on a favourable investment scenario**

## Asset Class Type

Corporate Bonds

Government Securities

Commercial Papers (CP)

Certificate of Deposits (CD)

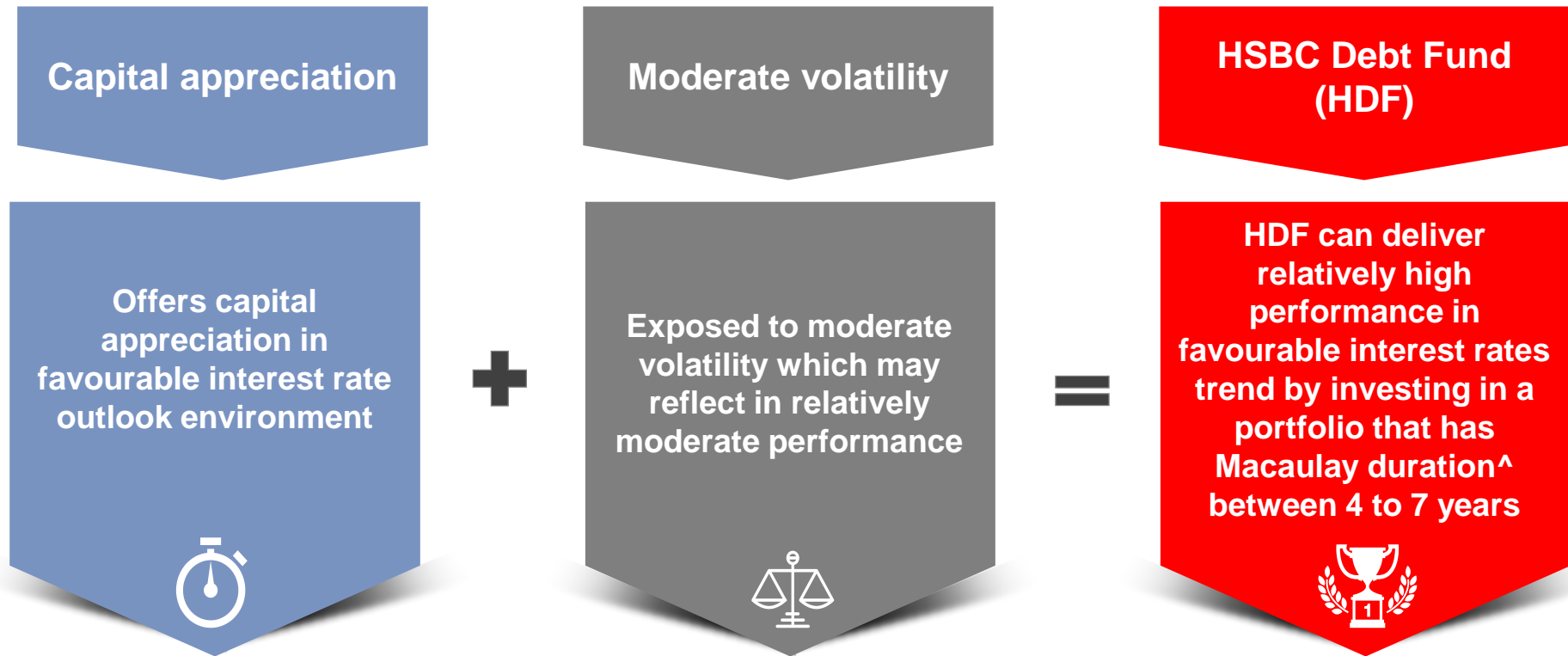
TREPS

Treasury Bills

Reverse Repo

\* Medium to long duration funds can invest in other instruments also apart from the above instruments  
Please note above list is an indicative list and is not exhaustive. Refer to the scheme SID for more details.

# HSBC Debt Fund (HDF)^



**Potential to deliver relatively high performance in favourable interest rates trend**

^ Medium to Long Duration Fund - An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and moderate credit risk.

Note - The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

# HSBC Debt Fund

## Fund overview

**Fund Manager**



Kapil Punjabi

**Benchmark**

Crisil Composite Bond Fund Index

**Inception Date**

10 December 2002

HSBC Debt Fund Riskometer		
<p><b>HSBC Debt Fund</b></p>  <p>Investors understand that their principal will be at Moderate risk</p>	<p><b>Medium to Long Duration Fund</b> – An open ended Medium to Long Term Debt Scheme investing in instruments such that the Macaulay ^ duration of the portfolio is between 4 years to 7 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and moderate credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>**</sup>:</b></p> <ul style="list-style-type: none"> <li>• Regular Income over long term</li> <li>• Investment in diversified portfolio of fixed income securities such that the Macaulay^ duration of the portfolio is between 4 years to 7 years.</li> </ul> <p><b><sup>**</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p>Please note that the above risko-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), risko-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 risko-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 risko-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><b>Benchmark:</b> CRISIL Medium to Long Duration Fund B-III</p> 

Potential Risk Class (HSBC Debt Fund)			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		<b>B-III</b>	

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.

# HSBC Corporate Bond Fund

Corporate Bond Fund - An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. Moderate interest rate risk and relatively low credit risk.

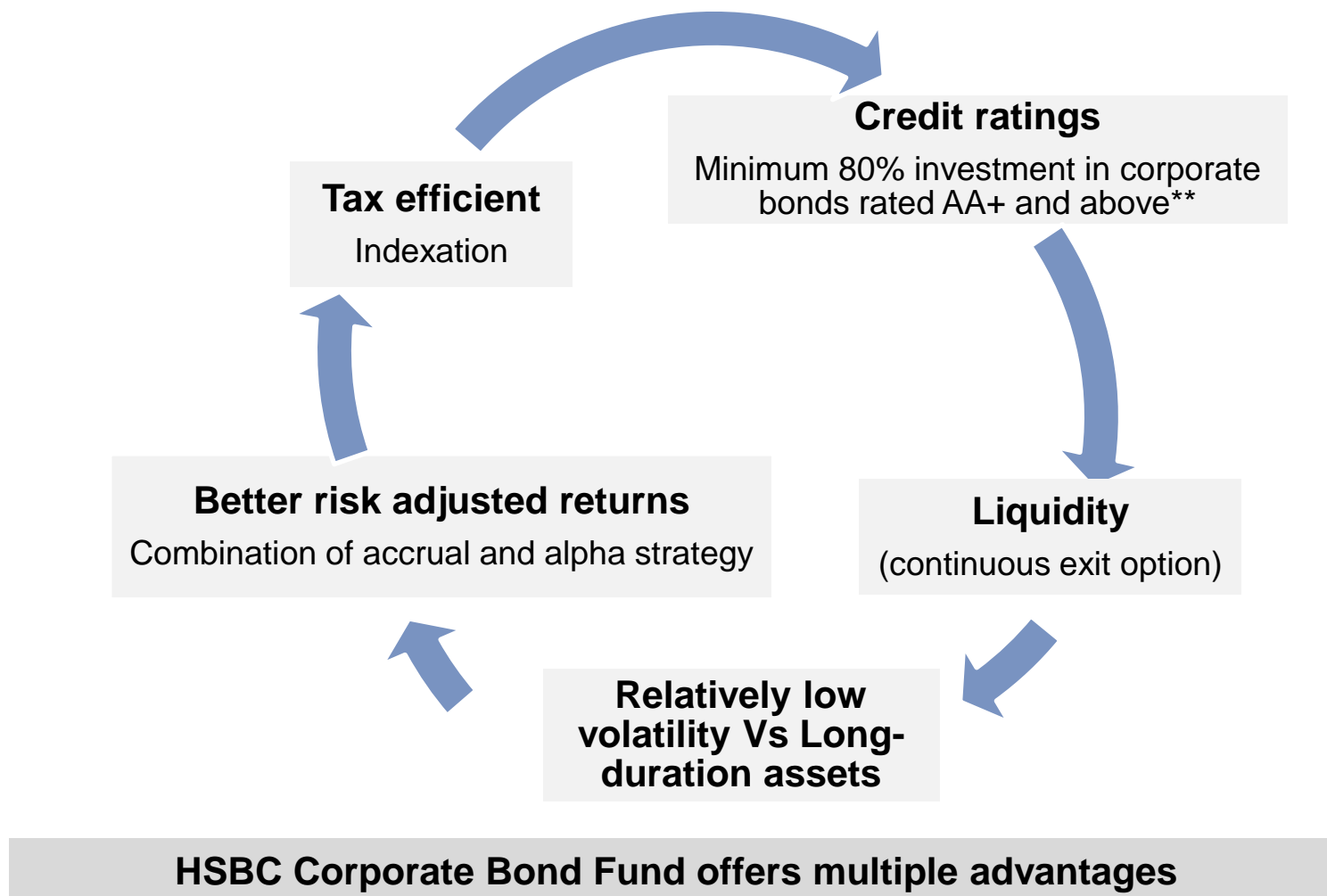
# A strategy to generate optimum performance through quality portfolio



HSBC Corporate Bond Fund An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. Moderate interest rate risk and relatively low credit risk.

<sup>^</sup> The Scheme would largely maintain high credit quality portfolio of Corporate Bonds rated AA+ and above. Other than credit rating our investment will rely on a strong in house credit research process which will complement the external rating.

# Why should one invest in HSBC Corporate Bond Fund (HCBF)



Source – HSBC Asset Management, India, Refer to the scheme SID for more details on investment guidelines.

\*\*80% of the net assets excluding the extent of minimum stipulated liquid assets in terms of SEBI circular dated June 25, 2021.

# HSBC Corporate Bond Fund

## Fund overview

**Fund Manager**



Ritesh Jain

**Benchmark**

NIFTY Corporate Bond Index

**Inception Date**

10 December 2002

HSBC Corporate Bond Fund Riskometer		
<p><b>HSBC Corporate Bond Fund</b></p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p><b>Corporate Bond Fund</b> – An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Moderate interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking<sup>**</sup>:</b></p> <ul style="list-style-type: none"> <li>Income over medium term.</li> <li>Investment predominantly in corporate bond securities rated AA+ and above.</li> </ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></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><b>Benchmark: NIFTY Short Duration Debt A-II Index</b></p>  <p><b>RISKOMETER</b></p>

### Potential Risk Class (HSBC Corporate Bond Fund)

Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)	<b>A-II</b>		
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."

# Multi core portfolio construction process

## Portfolio Construction parameters

### Interest rate forecasting

- Macro analysis
- Direction of change in rates
- Magnitude and timing of change across maturities

### Sector allocation

- Allocation in Corporate
- Ratio of Fixed to Floating rate instruments

### Yield Curve positioning

- Curve flattening / steepening calls
- Spread analysis
- Portfolio positioning: Ladder, Bullet, Barbell maturity

### Credit research

- Bottom up security selection - in depth credit research
- Identification of rating migration candidates
- Spread analysis
- Relative Value Analysis

**Top down and bottom up strategies**

# Summary

## Why HSBC Corporate Bond Fund (HCBF)

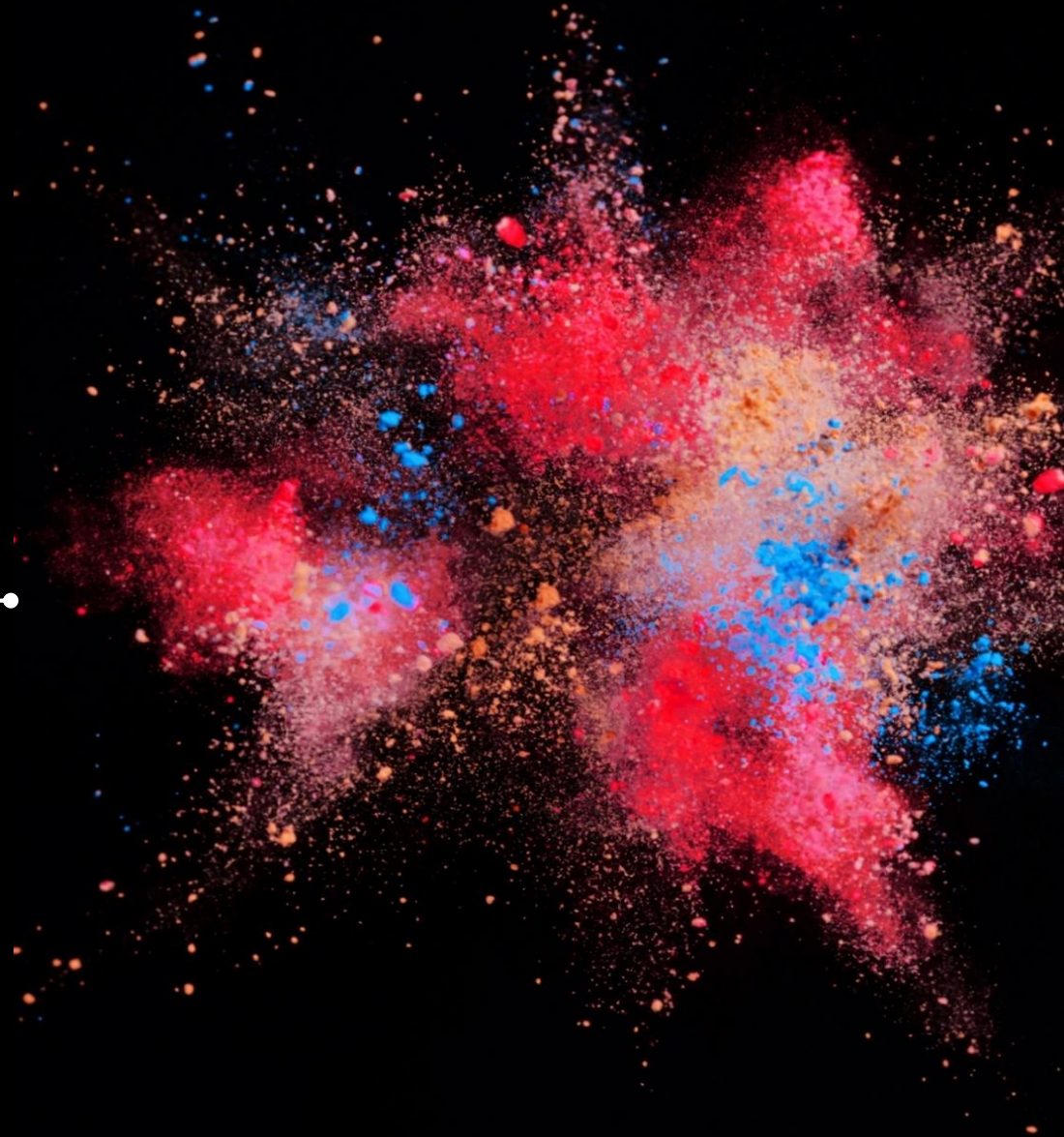
- ◆ 3 - 5 year duration range has favourable investment scenario as RBI Accommodation & Surplus liquidity have reduced the returns at the very short end of yield curve.
- ◆ High credit quality
- ◆ Less volatile as compared to longer duration
- ◆ HSBC Corporate Bond Fund aims for better risk adjusted performance with stability

## Why HSBC Asset Management

- ◆ A strong credit quality process ensures lower risk in underlying investments
- ◆ Strict internal controls and compliance to minimise risk

# Annexures

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## Tushar Pradhan

Chief Investment Officer

Tushar has over 25 years of experience in various roles through his career. He is an MBA in Investment Finance, having graduated from the University of Hartford, Connecticut, USA in 1992. Prior to joining HSBC Global Asset Management, India in June 2009, Tushar has also worked in international positions in the United States for a couple of years before returning to India. In India he has worked with HDFC Asset Management and more recently with AIG Global Asset Management in senior asset management roles.

### Kapil Punjabi

VP and Fund Manager,  
Fixed Income

Kapil Punjabi has been a Vice President and Fund Manager in the India Fixed Income team. He has been working in the industry since 2006. Prior to joining HSBC Asset Management, India in 2014, Kapil was a Fixed Income Fund Manager at Taurus Asset Management and Edelweiss Asset Management in Mumbai. He holds a Bachelor's and a Master's degree in Management Studies from Mumbai University, India

### Aswin Kumar B

VP and Credit Analyst,  
Fixed Income and Fund Manager

Aswin Kumar Balasubramanian is the Vice President and Credit Analyst in the Fixed Income team Mumbai since September 2015. Aswin has been working in the industry since 2011. Prior to joining HSBC, Aswin worked as a Manager, Ratings at CRISIL Ltd in [Mumbai]. He holds a PGDM from IIM, Lucknow and a B.Tech from IIT, Madras.

### Kunal Mehra

AVP, Fixed Income

Kunal Mehra is the Associate Vice President and Credit Analyst in the Fixed Income team Mumbai since December 2021. Kunal has been working in the industry since 2005. Prior to joining HSBC, Kunal worked as a Manager, Ratings at CRISIL Ltd in [Mumbai]. He is an MBA from MET's Institute of Management, Mumbai and Bachelor in Commerce from Dalmia College of Commerce & Economics, Mumbai.

### Rahul Totla

AVP, Fixed Income

Rahul Totla has been an Associate Vice-President, in the Fixed Income Investment team in Mumbai since 2017, when he joined HSBC. Rahul is responsible for dealing in fixed income securities. Rahul has overall experience of 14 years. Previously, Rahul was Deputy Manager at IDBI Asset Management Company Ltd in Mumbai and was responsible for dealing in various fixed income securities. Rahul holds an MBA in Finance from Mumbai University in India.

## Ritesh Jain

Head of Fixed Income

Ritesh Jain has been a SVP and Head of Fixed Income in the India Fixed Income team since June 2019. He has been working in the industry since 1998. Prior to joining HSBC Global Asset Management, India, Ritesh was a President, CIO - Fixed Income at IIFL Asset Management, Head – Fixed Income at Pramerica Asset Management and Principal PNB Asset Management Company and Head of Fixed Income at Morgan Stanley investment Managers. He holds a Bachelor's degree from University of Calcutta and PGDBA (Finance) from Mumbai University, India.

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