

# HSBC Ultra Short Duration Fund (HUSDF)

(Ultra Short Duration Fund – 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 Scheme Information Document (SID) for explanation on Macaulay's duration



## An answer to your short term investment needs

### What are Ultra Short Duration Funds (USDFs)?

#### Portfolio duration

Ultra Short Duration Funds have portfolio Macaulay duration\* of 3 - 6 months.

#### Fund suitability

Funds are suitable for moderately conservative investors with investment horizon of 1 to 6 months.

#### Performance goal

Aim to provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments.

### Benefits of Ultra Short Duration Funds (USDFs)



#### Moderately low volatility

Given that these funds invest predominantly in short term fixed income instruments, USDFs are subjected to low volatility.



#### Moderately low interest risk

Low interest rate risk due to the positioning of USDFs at the shorter end of the yield curve.



#### Liquidity\*\*

As an open ended fund offers liquidity with redemption availability on any working day.



#### Reasonable risk adjusted performance

Potential to deliver reasonable risk adjusted returns.

## USDFs cater to short term investment needs

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

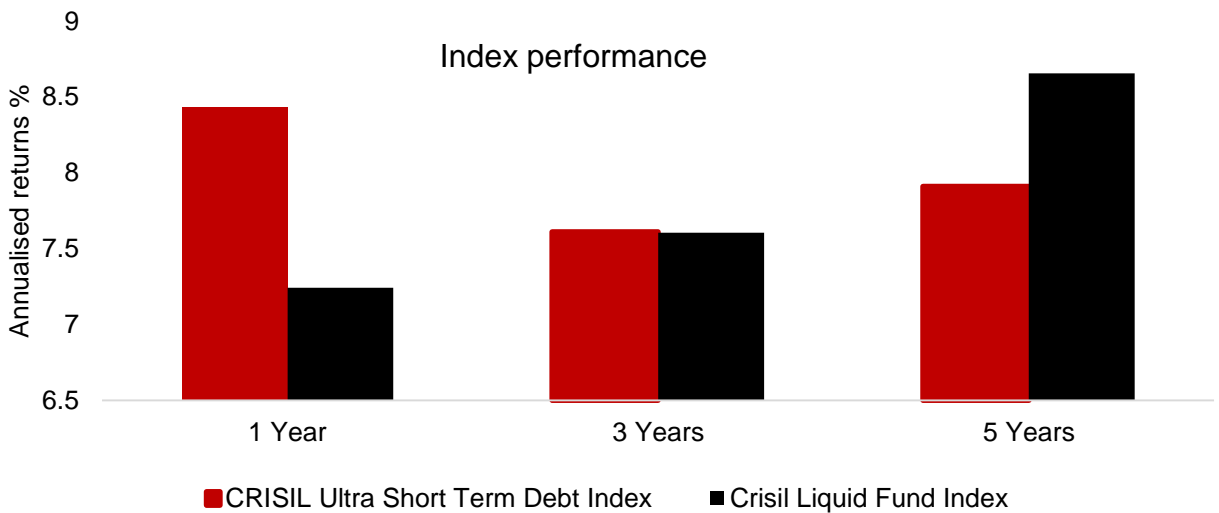
\*The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.



**A solution for your short term investment needs**

\*\* 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.


**How has Ultra Short Term Debt index fared?**




**Index has delivered reasonable risk adjusted returns over varying interest rate cycles**

Source: ACE MF, HSBC Global Asset Management, India, Data as at 30 November 2019, The above chart is given for illustration purpose only. Periodic annualised returns of HSBC Ultra Short Term Debt Index and Crisil Liquid Fund Index. Past performance may or may not sustain and is not an indication of the future performance

## 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 do Ultra Short Duration Funds (USDFs) invest?^

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

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

-  HUSDF will invest 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.
-  Given the 3 - 6 months portfolio duration requirement, the fund would have substantial exposure to money market instruments such as Bank Certificates of Deposit (CDs) and Commercial Papers (CPs).
-  The fund would largely maintain high credit quality portfolio of securities with investment predominantly in securities that have highest short term credit quality rating.
-  The security selection would be driven by investment team's view on credit spreads, liquidity and the risk reward assessment of each security.

### Focus to increase HUSDF's income via selective and opportunistic exposure to corporate bonds

^ The above strategy is indicative and not exhaustive. Ultra Short Duration Funds and HSBC Ultra Short Duration fund can invest in other instruments so that portfolio's Macaulay 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

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. Risk is moderately low due to the relatively short term portfolio duration of 3 to 6 months.

## Who should invest in HSBC Ultra Short Duration Fund (HUSDF)?

### To park surplus money for short term

- HUSDF would predominantly cater to short term investment needs of investors. Investors who seek to move money to equity funds in tranches can use this fund as a short term parking vehicle.

### Moderately low risk investors

- The fund is suitable for relatively conservative or moderately low risk investors having investment horizon of 1 month to 6 months.

### For those who are looking for reasonable risk adjusted returns

- Investors who expect reasonable risk adjusted returns can consider investing in this fund.


## HSBC Ultra Short Duration Fund (HUSDF)

**Investment Objective** - The investment objective of the scheme is to provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved.

<b>Fund Name</b>	HSBC Ultra Short Duration Fund	<b>Type</b>	Ultra Short Duration Fund – 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.
<b>Benchmark</b>	CRISIL Ultra Short Term Debt Index	<b>Plans / Options / Sub options</b>	Regular, Direct plans Growth Daily Dividend (Reinvestment), Weekly Dividend (Reinvestment), Monthly Dividend (Payout and Reinvestment)
<b>Minimum Application Amount</b>	Rs.5,000/- per application	<b>Loads (including SIP / STP wherever applicable)</b>	Entry Load* : Nil  Exit Load:– Nil
<b>Minimum Application Amount (SIP)</b>	Rs.500 per month	<b>Fund Managers</b>	Kapil Punjabi
<b>SIP/STP/SWP</b>	Available		

\*In terms of SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. No exit load (if any) will be charged for units allotted under bonus / dividend reinvestment option.

Note - Above “Who should invest” list is an indicative list and is not exhaustive

Scheme Name	Riskometer
<b>HSBC 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) This product is suitable for investors who are seeking*: <input type="checkbox"/> Income over short term with low volatility. <input type="checkbox"/> Investment in debt & money market instruments such that the Macaulay Duration of the portfolio is between 3 months- 6 months. *	 <p><b>Riskometer</b></p> <p>Investor understands that the product will be of Moderately Low Risk</p>

Investors should consult their financial advisers if in doubt about whether the product is suitable for them. Riskometer.

\*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.

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