

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.¹ Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and moderate credit risk.

Date: October 2022

Fund Details



Fund Manager³

Kapil Punjabi



AUM (as on 30.09.22)

40.58 Cr



Minimum Investment

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



| | |
|--------------------------------|------------|
| Average Maturity | 4.87 years |
| Modified Duration | 3.92 years |
| Macaulay Duration | 4.06 years |
| Yield to Maturity ² | 7.33% |



Benchmark

CRISIL Medium to Long Duration Fund B-III Index^{4, 5}



Inception Date

10 December 2002



Exit Load

NIL

Current Portfolio Strategy

- Yields at the longer end of the curve continue to remain volatile. The segment has outperformed in recent weeks as the yield curve has flattened, in line with trend seen globally and based on expectations of inclusion of Indian government bonds in global bond indices.
- The curve remains very flat from the 5 yr to 10 yr and 10 yr to 14 yr points with the spread between these segments remaining lower than 10 bps each. While 2H borrowing calendar was on expected lines, the bond supply as such remains heavy and absorption of this bond supply in remainder of FY 23 may exercise upward pressure on yields at the belly and longer end of the curve. The segment may stay volatile based on global cues. News flow on inclusion in global bond indices remains a monitorable and could influence yields in either direction depending upon the outcome.
- And hence as such, we intend to position with an underweight stance in the long bond portfolios versus the index and intend to take advantage tactically of any opportunities that may arise on the longer end of the curve depending on market conditions.

Investment Objective:

To provide reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration[^] of the portfolio is between 4 years to 7 years. However, there can be no guarantee that the investment objective of the scheme would be achieved.

Product Note

¹ Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018. ² YTM Based on invested Amount ³ The said Fund is managed by Kapil Punjabi effective February 18, 2019 [^] 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. Please refer to the page number 9 of the Offer Document on which the concept of Macaulay's Duration has been explained.

⁴ 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. ⁵ Fund's benchmark has changed with effect from April 01, 2022.

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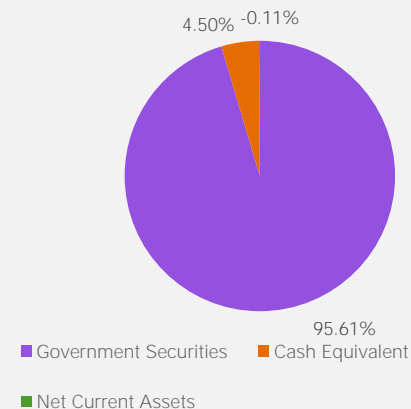
Portfolio

| Issuer | Rating | % to Net Assets |
|---|-----------|-----------------|
| Government Securities | | 95.61% |
| GOI 07.17% 08JAN28 | Sovereign | 31.12% |
| 7.38% GOI 20JUN2027 | Sovereign | 20.17% |
| 5.63% GOI 12APR2026 | Sovereign | 19.27% |
| 7.10% GOVERNMENT OF INDIA 18APR29 | Sovereign | 12.55% |
| 07.26% GS 2029 | Sovereign | 12.50% |
| Cash Equivalent | | 4.39% |
| TREPS* | | 4.50% |
| Net Current Assets: | | -0.11% |
| Total Net Assets as on 30-SEPTEMBER-2022 | | 100.00% |

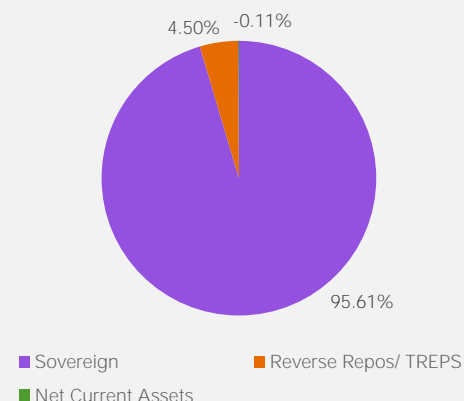
*TREPS : Tri-Party Repo



Asset Allocation



Rating Portfolio



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HSBC Debt Fund Riskometer

HSBC Debt Fund



Investors understand that their principal will be at Moderate risk

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This product is suitable for investors who are seeking:**

- Regular Income over long term
- Investment in diversified portfolio of fixed income securities such that the Macaulay^ duration of the portfolio is between 4 years to 7 years.

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

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.

Benchmark: CRISIL Medium to Long Duration Fund B-III



Potential Risk Class (HSBC Debt Fund)

Credit Risk →

Interest Rate Risk ↓

Relatively Low (Class A)

Moderate (Class B)

Relatively High (Class C)

Relatively Low (Class I)

Moderate (Class II)

Relatively High (Class III)

B-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.