

Product Note

HSBC Dynamic Bond Fund (HDBF)

(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.)

August 2024

| Fund Category | Fund Manager | Benchmark ¹ | Inception Date | AUM ^{3&} |
|---------------|---|----------------------------------|----------------|-----------------------|
| Dynamic Bond | Mahesh Chhabria [@] and Shriram Ramanathan | NIFTY Composite Debt Index A-III | 27 Sep 2010 | Rs. 160.37 Cr |

| Quantitative Data | | Minimum Investment | | |
|-------------------|-------------|--------------------|-------|---------------------|
| Average Maturity | 12.31 years | Lumpsum | SIP | Additional Purchase |
| Modified Duration | 7.28 years | ₹ 5,000 | ₹ 500 | ₹ 1,000 |
| Macaulay Duration | 7.56 years | | | |
| Yield to Maturity | 7.13% | | | |

Why HSBC Dynamic Bond Fund?

- The fund aims to generate alpha using all sources of generating returns: Yield accruals through high quality credit selection and active duration management.
- The fund follows active duration management along with dynamic asset allocation
- The fund is ideal for investors seeking appropriate risk adjusted returns in a volatile interest rate environment.
- In the current scenario where interest rates are nearing the peak in this cycle, there may be opportunities to capture alpha through strategic overweight duration in this fund.

Fund Approach

- Actively managed fund investing across the yield curve in Govt. Securities and high-quality AAA rated credits to generate alpha
- Dynamic duration management to seize potential upsides when interest rates are expected to soften while also reducing risks in an uncertain environment
- Diversified portfolio spread across government securities, corporate bonds and money market instruments.
- Aims to Invest in a liquid portfolio to enable positioning changes based on evolving scenario.

Exit Load: Nil, No entry load will be charged to the investor.

Month End Total Expenses Ratios (Annualized)⁴ – Regular⁵: 0.78%, Direct: 0.20%.

¹ As per clause 1.9 of the SEBI Master Circular dated June 27, 2024, 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 effective from 01 December 2021.

² AUM as as on 31 July 2024.

³ TER Annualized TER including GST on Investment Management Fees, ⁴ Continuing plans. [@] Managing since from May 1, 2024, Please refer notice cum addendum dated April 30, 2024

[&]For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library#&accordion1446811090=4>

Note: The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s).

Source – HSBC Mutual Fund, Data as on 31 July 2024. **Past performance may or may not be sustained in the future and is not indicative of future results.**

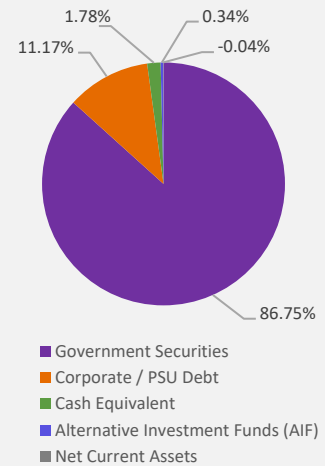
Portfolio

| Issuer | Rating | % to Net Assets |
|--|------------|-----------------|
| Corporate Bonds / Debentures | | 11.17% |
| HDFC Bank Limited | CRISIL AAA | 8.01% |
| LIC Housing Finance Limited | CRISIL AAA | 3.16% |
| Government Securities | | 86.75% |
| 7.10% GOI 08-Apr-2034 | SOVEREIGN | 25.80% |
| 7.18% GOI 24-Jul-2037 | SOVEREIGN | 22.22% |
| 7.30% GOI 19JUN53 | SOVEREIGN | 16.19% |
| 7.04% GOI 03JUN29 G-SEC | SOVEREIGN | 9.54% |
| 7.18% GOI 14AUG2033 GSEC | SOVEREIGN | 6.53% |
| 7.32% GOI BOND 13NOV2030 | SOVEREIGN | 6.47% |
| Alternative Investment Funds (AIF) | | 0.34% |
| CDMDF CLASS A2 | AIF | 0.34% |
| Cash Equivalent | | 1.74% |
| TREPS* | | 1.78% |
| Net Current Assets | | -0.04% |
| Total Net Assets as on 31-July-2024 | | 100.00% |

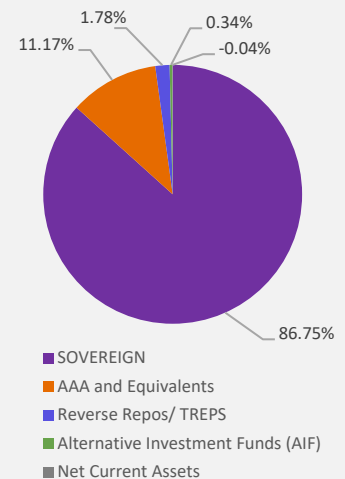
*TREPS : Tri-Party Repo



Asset Allocation



Rating Portfolio



Investment Objective

To deliver returns in the form of interest income and capital gains, along with high liquidity, commensurate with the current view on the markets and the interest rate cycle, through active investment in debt and money market instruments. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

Fund Manager - Mahesh Chhabria Effective 01 August 2024. Total Schemes Managed - 11

Fund Manager - Shriram Ramanathan Effective 02 Feb 2015. Total Schemes Managed - 11

| Lump Sum Investment Performance | | | | | | | | | Inception Date |
|---|-------------|-----------|-------------|-----------|-------------|-----------|-----------------|-----------|----------------|
| Fund / Benchmark (Value of Rs 10,000 invested) | 1 Year | | 3 Years | | 5 Years | | Since Inception | | |
| | Amount in ₹ | Returns % | Amount in ₹ | Returns % | Amount in ₹ | Returns % | Amount in ₹ | Returns % | |
| HSBC Dynamic Bond Fund - Regular Plan~~ | 10805 | 8.03 | 11632 | 5.16 | 13221 | 5.74 | 27656 | 7.62 | 27-Sep-10 |
| Scheme Benchmark (NIFTY Composite Debt Index A-III) | 10796 | 7.94 | 11763 | 5.55 | 13825 | 6.68 | 27754 | 7.65 | |
| Additional Benchmark (CRISIL 10 year Gilt Index) | 10836 | 8.33 | 11544 | 4.89 | 12714 | 4.91 | 23827 | 6.47 | |

Past performance may or may not be sustained in the future and is not indicative of future results. The performance details provided herein are of Regular Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of July 2024 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan.

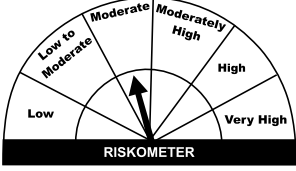

As per clause 5.9.1 of the SEBI Master Circular dated June 27, 2024, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 13.4 of the SEBI Master Circular dated June 27, 2024, on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes. ~ Face value Rs 10

Source: HSBC Mutual Fund, data as on 31 July 2024

[Click here](#) to check other funds performance managed by the Fund Manager

Product Label

| Scheme name and Type of scheme | Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|--|--|--|
| <p>HSBC Dynamic Bond Fund</p> <p>(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Generation of reasonable returns over medium to long term • Investment in fixed income securities |  <p>RISKOMETER</p> <p>Investors understand that their principal will be at Moderate risk</p> | <p>As per AMFI Tier 1. Benchmark Index: NIFTY Composite Debt Index A-III</p>  <p>RISKOMETER</p> |

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

Note on Risk-o-meters: Riskometer is as on 31 July 2024, 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

Potential Risk Class (HSBC Dynamic Bond Fund)

| Credit Risk → | Potential Risk Class (HSBC Dynamic Bond Fund) | | |
|--|---|--------------------|---------------------------|
| 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) | A-III | | |
| A Scheme with Relatively High interest rate risk and Low credit risk. | | | |

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.

Past performance may or may not be sustained in the future and is not indicative of future results. Source: HSBC Mutual Fund, data as on 31 July 2024

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