

# Fund Overview

## HSBC Ultra Short Duration Fund

(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 SID for explanation on Macaulay duration.

(Relatively low interest rate risk and relatively moderate credit risk.)

(L&T Ultra Short Term Fund has merged into HSBC Ultra Short Duration Fund)

May 2023

<b>Fund Launch Date</b>	30 Jan 2020
<b>Fund manager</b>	Mahesh Chhabria / Jalpan Shah
<b>Investment Manager</b>	HSBC Asset Management (India) Pvt. Ltd
<b>Currency</b>	INR
<b>Fund Domicile</b>	India
<b>Benchmark</b>	NIFTY Ultra Short Duration Debt Index B-I <sup>3</sup>
<b>Dealing</b>	Every Business Day
<b>Cut-off Time*</b>	15:00 for Subscriptions and Switch Ins, Redemption and Switch Outs
<b>Settlement</b>	T+1

### Overview

- ◆ Provides institutional investors with an opportunity to invest in short-term INR denominated money market instruments.
- ◆ Main objectives/strategy includes:
  - Daily liquidity <sup>^^</sup>
  - Active risk management
  - Extensive credit research

### Fund Strategy

- The Fund would largely maintain high credit quality portfolio of securities with investment predominantly in securities that have high 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
- The scheme would largely maintain high credit quality portfolio basis in-depth credit evaluation which includes financial position of the issuer, external credit ratings opinions, operational metrics, past track record as well as future prospects of the issuer

<sup>1</sup> The Scheme is not a guaranteed or assured return Scheme. Investors may not get back the amount originally invested. There is no guarantee that the fund's investment objectives, including performance, will be achieved.

<sup>2</sup> 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

<sup>^^</sup> Daily liquidity - 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 before the cut off time. "As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the Fund shall transfer the redemption / repurchase proceeds within 3 working Days, from the date of acceptance of redemption request."

<sup>^</sup>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 page no. 9 Scheme Information Document for explanation on Macaulay duration

## Portfolio characteristics

Yield to Maturity <sup>1</sup>	7.24%
Current AUM (~INR m)	26773
Current WAM <sup>2</sup>	5.42 months
Maximum Maturity	6 months
Maximum WAM <sup>2</sup>	6 months

## Fund Information

	Features
Current NAV – Growth option	INR 1160.9614
Settlement Date	T+1 <sup>4</sup>

Fund Name	Total Expense Ratio (TER) (as of 30 April 2023)	Minimum Application Amount (Rs)	Minimum Redemption/ Switch Account (Rs)
HUSDF	0.48% <sup>3</sup>	5,000	1,000
HUSDF Direct Plan	0.22% <sup>3</sup>	5,000	1,000

HSBC Mutual Fund/HSBC Asset Management (India) Private Limited would update the current expense ratios (TER) on its website at least three working days prior to the effective date of the change. Details of such changes can be referred on the following link under the Daily TER section: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds>

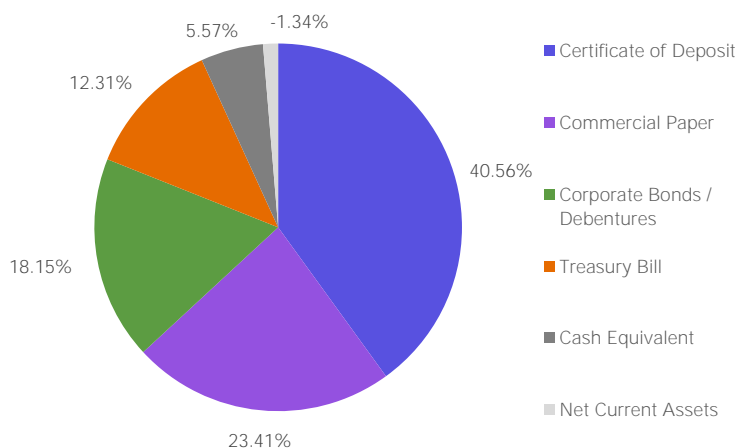
Source: HSBC Asset Management, data as of 30 April 2023

Notes:

1. YTM Based on investment amount
2. The Weighted Average Maturity (WAM) of the fund
3. TER is annualized and Includes GST on Investment Management fees
4. As per the local regulations, the fund shall dispatch the redemption proceeds within 10 business days from the date of acceptance of redemption request. "As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the Fund shall transfer the redemption / repurchase proceeds within 3 working Days, from the date of acceptance of redemption request." Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds within 1 business day from the date of receiving redemption request.

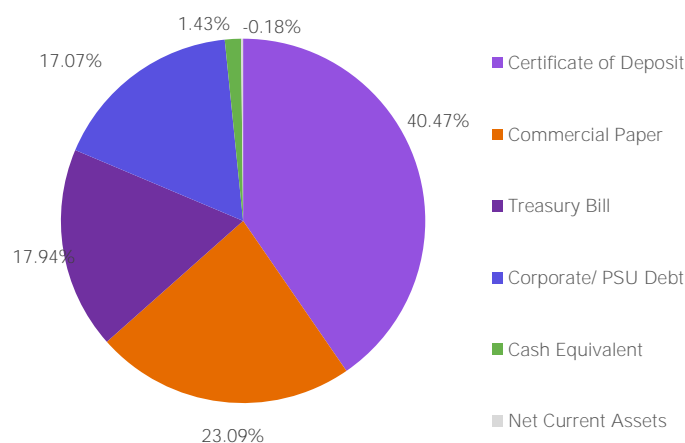
## Portfolio Compositions<sup>1</sup>

### Instrument Mix



## Credit Quality Mix – local\*

### credit rating agencies' short-term ratings



### Top 10 Issuers/counterparties

### % NAV

Canara Bank	5.48%
182 DAYS T-BILL 31AUG23	5.48%
Axis Bank Limited	5.41%
ICICI Bank Limited	5.40%
HDFC Bank Limited	5.37%
Housing Development Finance Corporation Limited	3.79%
Bajaj Finance Limited	3.72%
Reliance Industries Limited	3.70%
182 DAYS T-BILL 13JUL23	3.69%
Bank of Baroda	3.63%

## Investment process and team

Our investment process is active, fundamental and value driven. It combines qualitative top-down analysis of macroeconomic and market dynamics, with structured bottom-up research into individual bond issuers and fixed income securities. While investment decisions are taken locally to ensure focus and accountability, our portfolio managers in India are able to access the expertise and experience of our investment professionals worldwide in order to gain a truly global perspective.

#### Notes:

\* The rating mentioned above refers to the local credit rating in India. The rating criteria and methodology used by Indian local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, the Indian local credit rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

1. Subject to change without notice.

Source: HSBC Asset Management, All data as on 30 April 2023 except otherwise mentioned

Performance of other funds managed by the Fund Manager									
Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		3 Years		5 Years		Since Inception		Inception Date:
	Amount in Rs	Returns %	Amount in Rs	Returns %	Amount in Rs	Returns %	Amount in Rs	Returns %	
HSBC Ultra Short Duration Fund - Reg	10565	5.66	11428	4.56	NA	NA	11612	4.71	30-Jan-20
Scheme Benchmark (NIFTY Ultra Short Duration Debt Index B-I)	10630	6.32	11630	5.17	NA	NA	11824	5.30	
Additional Benchmark (NIFTY Ultra Short Duration Debt Index)	10641	6.43	11590	5.05	NA	NA	11779	5.17	
Additional Benchmark (CRISIL 1 Year T Bill Index)	10499	5.01	11287	4.12	NA	NA	11611	4.71	
HSBC Banking and PSU Debt Fund - Reg	10422	4.23	11538	4.89	13584	6.31	20822	7.14	12-Sep-12
Scheme Benchmark (NIFTY Banking & PSU Debt Index)	10524	5.26	11793	5.66	13941	6.86	21785	7.60	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	19556	6.51	
HSBC Dynamic Bond Fund - Reg	10453	4.54	11359	4.35	13676	6.45	25277	7.64	27-Sep-10
Scheme Benchmark (NIFTY Composite Debt Index A-III)	10562	5.63	11782	5.63	14369	7.51	25332	7.66	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	21681	6.34	
HSBC Short Duration Fund - Reg	10459	4.60	11479	4.72	13060	5.48	21308	6.90	27-Dec-11
Scheme Benchmark (NIFTY Short Duration Debt Index B-II)	10591	5.92	11996	6.27	14022	6.99	23749	7.92	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	20824	6.68	
HSBC Gilt Fund - Reg	10538	5.40	11181	3.80	13462	6.12	57276	7.85	29-Mar-00
Scheme Benchmark (NIFTY All Duration G-Sec Index)	10745	7.48	11520	4.84	14688	7.98	NA	NA	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	NA	NA	
HSBC Corporate Bond Fund – Reg <sup>7</sup>	10574	5.76	11816	5.73	14507	7.72	62375	7.27	31-Mar-97
Scheme Benchmark (NIFTY Corporate Bond Index B-III)	10583	5.85	12305	7.17	14402	7.56	NA	NA	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	NA	NA	
HSBC Medium to Long Duration Fund - Reg	10462	4.63	11024	3.31	13357	5.95	36498	6.55	10-Dec-02
Scheme Benchmark (NIFTY Medium to Long Duration Debt Index B-III)	10784	7.86	12778	8.53	14561	7.80	43243	7.44	
Additional Benchmark (CRISIL 10 year Gilt Index)	10701	7.03	10952	3.08	13761	6.59	32434	5.94	

Past performance may or may not be sustained in the future. Refer note below.

Name of Scheme	Fund Manager	No. of funds managed and Co-managed
HSBC Ultra Short Duration Fund	Mahesh Chhabria - Since Nov 26, 2022 Jalpan Shah- Since Nov 26, 2022	Mahesh Chhabria-4 Jalpan Shah-7
HSBC Banking and PSU Fund	Mahesh Chhabria- Since Nov 26,2022 Jalpan Shah- Since May 30, 2016	Mahesh Chhabria-4 Jalpan Shah-7
HSBC Dynamic Bond Fund	Jalpan Shah- Since May 30, 2016 Shriram Ramanathan- Since Feb 02, 2015	Jalpan Shah-7 Shriram Ramanathan-11
HSBC Short Duration Fund	Jalpan Shah- Since May 30, 2016 Shriram Ramanathan - Since May 30, 2016	Jalpan Shah-7 Shriram Ramanathan-11
HSBC Gilt Fund	Jalpan Shah- Since May 30, 2016 Shriram Ramanathan- Since April 03, 2017	Jalpan Shah-7 Shriram Ramanathan-11
HSBC Corporate Bond Fund	Jalpan Shah - Since April 03, 2017 Shriram Ramanathan- Since June 30, 2014	Jalpan Shah-7 Shriram Ramanathan-11
HSBC Medium to Long Duration Fund	Jalpan Shah Since Nov, 26 2022 Shriram Ramanathan-Since Nov, 26 2022	Jalpan Shah-7 Shriram Ramanathan-11

Since Inception returns are provided from the date of allotment of units. PTP returns – Point to Point returns.

The performance details provided herein is 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 April 2023 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.

Pursuant to the transfer of schemes of L&T Mutual Fund to HSBC Mutual Fund, which was effective from the close of business hours of November 25, 2022, the performance of the Scheme (which is the surviving scheme out of the merger of schemes with similar features) provided above is computed as per the provisions of SEBI Circular No- SEBI/HO/IMD/DF3/CIR/P/2018/69 dated April 12, 2018 using the weighted average performance of both transferor and transferee schemes. The details of the transferor and transferee schemes please refer to our notice dated October 14, 2022 available on [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in).

Note - Sonal Gupta shall be dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

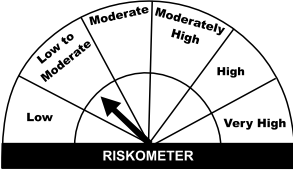
<sup>7</sup> HSBC Liquid Fund: Since there was no continuous NAV history available for the surviving Plan of HSBC Liquid Fund prior to May 19, 2011, returns since the said date have been considered for calculating Since Inception performance. The inception date of HSBC Liquid Fund however is December 4, 2002.

## Key risks

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- ◆ **Credit Risk:** Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security).
- ◆ **Price-Risk or Interest Rate Risk:** As with all debt securities, changes in interest rates may affect the NAV of the Scheme(s) as the prices of securities increase as interest rates decline and decrease as interest rates rise.
- ◆ **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer.
- ◆ **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme(s) are reinvested. The additional income from reinvestment is the "interest on interest" component



For more risk factors check the KIM or visit <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources#>

HSBC Ultra Short Duration Fund		
 <p>Investors understand that their principal will be at 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 (for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern"). A relatively Low interest rate risk and Moderate credit risk.</p> <p><b>This product is suitable for investors who are seeking*:</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.<sup>^</sup></li> </ul> <p><small>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</small></p>	<p><b>Benchmark Index: NIFTY Ultra Short Duration Debt Index B-I</b></p> 

### Potential Risk Class (HSBC Ultra Short Duration Fund)


Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		B-I	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

# Product Label

Scheme name and Type of scheme	*Riskometer of the Scheme	Riskometer of the benchmark
<p><b>This product is suitable for investors who are seeking*:</b></p> <p><b>Banking and PSU Fund</b> - An open ended debt scheme primarily investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.</p> <ul style="list-style-type: none"> <li>• Generation of reasonable returns and liquidity over short term</li> <li>• Investment predominantly in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions and municipal corporations in India. (Benchmark : NIFTY Banking &amp; PSU Debt Index)</li> </ul> <p><b>Dynamic Bond Fund</b> - An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.</p> <ul style="list-style-type: none"> <li>• Generation of reasonable returns over medium to long term</li> <li>• Investment in fixed income securities (Benchmark Index: NIFTY Composite Debt Index A-III)</li> </ul> <p><b>Gilt Fund</b> - An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.</p> <ul style="list-style-type: none"> <li>• Generation of returns over medium to long term</li> <li>• Investment in Government Securities. (Benchmark Index: NIFTY All Duration G-Sec Index)</li> </ul> <p><b>Corporate Bond Fund</b> - An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and relatively low credit risk.</p> <ul style="list-style-type: none"> <li>• Generation of regular and stable income over medium to long term</li> <li>• Investment predominantly in AA+ and above rated corporate bonds and money market instruments. (Benchmark Index: NIFTY Corporate Bond Index B-III)</li> </ul>	 <p>Investors understand that their principal will be at Moderate risk</p>	

## Potential Risk Class (HSBC Banking and PSU Debt Fund), (HSBC Dynamic Bond Fund), (HSBC Gilt Fund) & (HSBC Corporate Bond Fund)

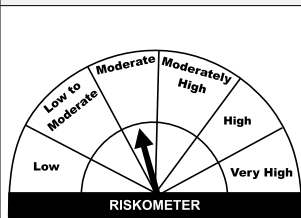
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	A-III		
A Scheme with Relatively High interest rate risk and Low credit risk.			

HSBC Short Duration Fund (Erstwhile L&T Short Term Bond Fund)		
 <p>Investors understand that their principal will be at 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 for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern". A moderate interest rate risk and moderate credit risk.</p> <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Generation of regular returns over short term</li> <li>• Investment in fixed income securities of shorter term maturity.</li> </ul>	<p>Benchmark Index: Nifty Short Duration Debt Index B-II</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-II	
Relatively High (Class III)			
A Scheme with Relatively Moderate interest rate risk and Moderate credit risk.			

**HSBC Medium to Long Duration Fund (Erstwhile HSBC Debt Fund)**



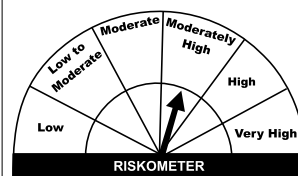
Investors understand that their principal will be at Moderate risk

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 (for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern"). Relatively high interest rate risk and moderate credit risk.

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

- Regular income over medium term
- Investment in diversified portfolio of fixed income securities such that the Macaulay<sup>^</sup> duration of the portfolio is between 4 year to 7 years

**Benchmark Index: NIFTY Medium to Long Duration Debt Index B-III**



**Potential Risk Class (HSBC Medium to Long 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)			
Relatively High (Class III)		B-III	

A Scheme with Relatively High interest rate risk and Moderate credit risk.

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

<sup>^</sup> 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.

Note on Risk-o-meters: Riskometer is as on 30 April 2023, 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

Past performance may or may not be sustained in the future. Source: HSBC Asset Management India, data as at 30 April 2023

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