

## Product Note

### HSBC Credit Risk Fund (HCRF) (Erstwhile L&T Credit Risk Fund)

Credit Risk Fund - An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk.

February 2023

Fund Category	Fund Manager	Benchmark <sup>1, 2</sup>	Inception Date	AUM
Credit Risk	Shriram Ramanathan and Kapil Lal Punjabi	NIFTY Credit Risk Bond Index C-III	8 Oct 2009	Rs. 132.07 Cr

Quantitative Data	
Average Maturity	3.06 year
Modified Duration	2.28 year
Macaulay Duration	2.4 year
Yield to Maturity	7.98%

Minimum Investment		
Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Exit Load / Entry Load		
NIL		

### Why HSBC Credit Risk Fund?

- Fund follows an accrual-based, yield-enhancement strategy
- Low portfolio turnover to help generate returns through accrual
- Robust credit selection process to spot mispriced credit opportunities
- Investors comfortable with adding some credit risk to generate higher accrual while keeping interest rate risk low, could consider investing in this fund

### Fund Strategy

- The fund offers a yield pick up over traditional bond funds and has the potential to deliver outperformance over the medium term
- Rigorous credit monitoring conducted by in-house credit research team
- To create a corpus through generating inflation-adjusted returns

<sup>1</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>2</sup> Fund's benchmark has changed with effect from April 01, 2022. Data as on 31 Jan 2023

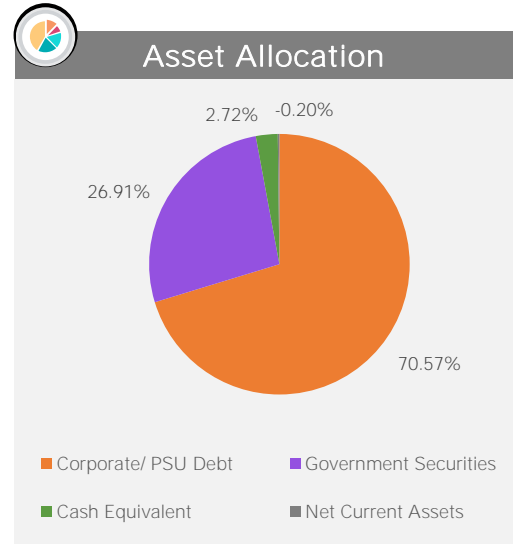
The fund had changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

## Portfolio

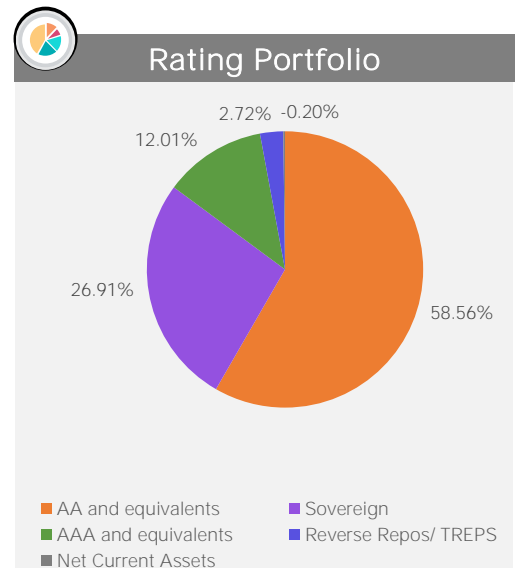
Issuer	Rating	% to Net Assets
<b>Corporate Bonds / Debentures</b>		<b>70.57%</b>
IIFL Home Finance Limited	ICRA AA	9.49%
Century Textiles and Industries Limited	CRISIL AA	8.17%
Tata Motors Limited	ICRA AA-	7.80%
Godrej Industries Limited	CRISIL AA	7.78%
ONGC Petro Additions Limited	ICRA AA	7.78%
Oriental Nagpur Betul Highway Limited (Nhai Annuity Receivables)	CRISIL AAA	6.53%
Tata power Company Limited	IND AA	9.79%
Aadhar Housing Finance Limited	CARE AA	3.90%
Godrej Housing Finance Limited	CRISIL AA	3.85%
Yarrow Infrastructure Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	2.61%
Vector Green Prayagraj Solar Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.97%
Malwa Solar Power Generation Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.82%
Sepset Constructions Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.82%
Priapus Infrastructure Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.13%
Citra Real Estate Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.13%
<b>Government Securities</b>		<b>26.91%</b>
7.26% GOI 22AUG2032	SOVEREIGN	19.41%
7.38% GOI 20JUN2027	SOVEREIGN	3.84%
5.22% GOI 15JUN2025	SOVEREIGN	3.66%
<b>Cash Equivalent</b>		<b>2.52%</b>
<b>TREPS*</b>		<b>2.72%</b>
<b>Net Current Assets</b>		<b>-0.20%</b>
<b>Total Net Assets as on 31-JANUARY-2023</b>		<b>100.00%</b>

\*TREPS: Tri-Party Repo

## Asset Allocation

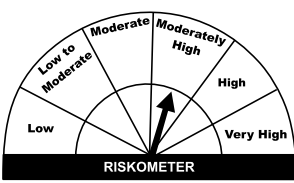
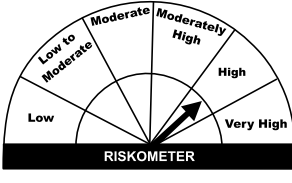


## Rating Portfolio



## Investment Objective

To generate regular returns and capital appreciation by investing predominantly in AA and below rated corporate bonds, debt, government securities and money market instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

HSBC Credit Risk Fund (Erstwhile L&T Credit Risk Fund)		
 <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Moderately High risk</p>	<p><b>Credit Risk Fund</b> - An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+rated corporate bonds). A relatively high interest rate risk and relatively high 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 and capital appreciation over medium to long term</li> <li>• Investment in debt instruments (including securitized debt), government and money market securities</li> </ul> <p>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> <p><b>Note on Risk-o-meters:</b> Riskometer is as on 31 Jan 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</p>	<p><b>Benchmark Index: NIFTY Credit Risk Bond Index C-III</b></p>  <p><b>RISKOMETER</b></p>

### Potential Risk Class (HSBC Credit Risk 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)			C-III
A Scheme with Relatively High interest rate risk and High credit risk.			

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

Past performance is not an indicator of future returns. Source: HSBC Asset Management India, data as at 31 Jan 2023,

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HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.  
GST - 27AABCH0007N1ZS, Email: investor.line@mutualfunds.hsbc.co.in | Website: www.assetmanagement.hsbc.co/in

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