HSBC Mutual Fund

Product Note

HSBC Dynamic Bond Fund (HDBF) (Erstwhile L&T Flexi Bond Fund)

Dynamic Bond Fund - An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.

(HSBC Corporate Bond Fund & HSBC Flexi Debt Fund has merged into L&T Flexi Bond Fund and the surviving scheme has been renamed)

September 2023

Fund Category	Fund Manager	Benchmark [1, 2]	Inception Date	AUM[3]
Dynamic Bond	Jalpan Shah and Shriram Ramanathan (Co Fund Manager)	NIFTY Composite Debt Index A-III	27 Sep 2010	Rs. 188.58 Cr

Quantitative Data	
Average Maturity	5.13 year
Modified Duration	3.85 year
Macaulay Duration	4.07 year
Yield to Maturity	7.41%

Minimum Investment		
Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000

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 Strategy

- 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.
- ~ 50-55% of the portfolio is invested in Corporate bonds in about 1 - 3 year segment for higher accrual. Overweight Corporate Bonds in this segment as spreads over G-Sec are relatively better in this part of the curve.
- ~ 40-45% of the portfolio is invested in 4 to 10 year G-Sec for higher duration. Overweight G-Sec in this segment as Corporate Bond spreads over G-Secs are lower in this part of the curve.

Entry Load : NA, Exit Load: : Nil

[1] As per clause 1.9 of the SEBI Master Circular dated May 19, 2023, 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] Fund's benchmark has changed with effect from April 01, 2022.

Data as on 31 August 2023

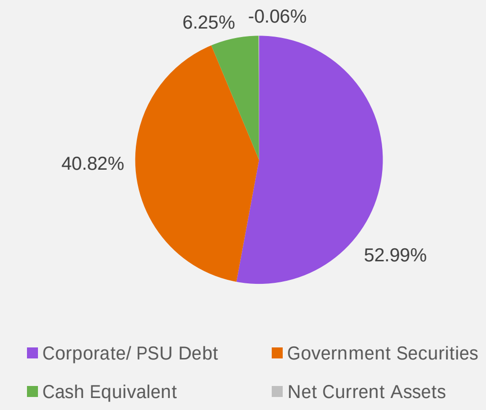
[3] AUM as as on 31 August 2023

Portfolio

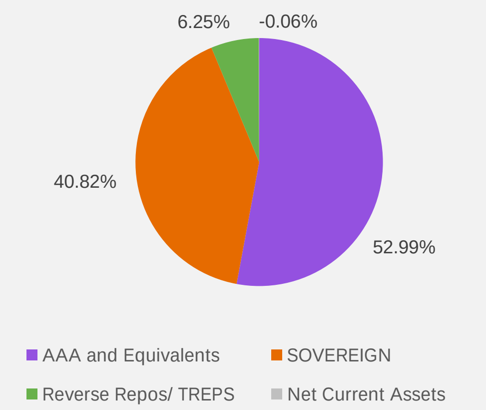
Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		**52.99%**
Indian Railway Finance Corporation Limited	CRISIL AAA	8.39%
National Bank for Agriculture & Rural Development	CRISIL AAA	8.32%
Indian Oil Corporation Limited	ICRA AAA	8.08%
Power Finance Corporation Limited	CRISIL AAA	8.04%
Small Industries Development Bank of India	CARE AAA	7.96%
HDFC Bank Limited	CRISIL AAA	6.79%
LIC Housing Finance Limited	CRISIL AAA	5.41%
Government Securities		**40.82%**
7.06% GOI 10APR28	SOVEREIGN	16.29%
7.38% GOI 20JUN2027	SOVEREIGN	16.25%
7.18% GOVERNMENT ON INDIA 14AUG2033 GSEC	SOVEREIGN	8.01%
7.68% GOI 15DEC2023	SOVEREIGN	0.27%
Cash Equivalent		**6.19%**
TREPS*		**6.25%**
Net Current Assets:		**-0.06%**
Total Net Assets as on 31-August-2023		**100.00%**

*TREPS : Tri-Party Repo

Asset Allocation



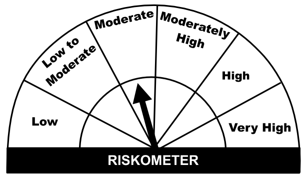
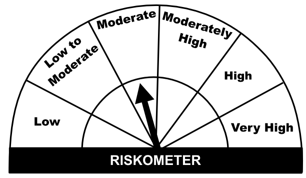
Rating Portfolio



Source: HSBC Mutual Fund, data as on 31 August 2023

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.

Scheme name and Type of scheme	*Riskometer of the Scheme	Riskometer of the benchmark
Dynamic Bond Fund - An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk. **This product is suitable for investors who are seeking*:** • Generation of reasonable returns over medium to long term • Investment in fixed income securities **(Benchmark Index: NIFTY Composite Debt Index A-III)**	 Investors understand that their principal will be at Moderate risk	

* 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 August 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

Potential Risk Class (HSBC Dynamic Bond 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)	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 is not an indicator of future returns. Source: HSBC Mutual Fund, Data as on 31 August 2023,

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