

Product Note

HSBC Credit Risk Fund (HCRF)

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.

March 2024

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM ^{3&} |
|---------------|--|------------------------------------|----------------|-----------------------|
| Credit Risk | Shriram Ramanathan and Kapil Lal Punjabi | NIFTY Credit Risk Bond Index C-III | 8 Oct 2009 | Rs. 570.00 Cr |

| Quantitative Data | |
|-------------------|------------|
| Average Maturity | 2.68 years |
| Modified Duration | 1.85 year |
| Macaulay Duration | 1.96 years |
| Yield to Maturity | 8.30% |

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

Why HSBC Credit Risk Fund?

- Fund endeavours to follow an accrual-based, yield-enhancement strategy
- Robust credit selection process to spot mispriced credit opportunities
- Investors comfortable with adding credit risk to generate high accrual while keeping interest rate risk low, consider investing in this fund

Fund Approach

- The fund aims to offer yield pick up over traditional bond funds and seeks to generate risk adjusted returns over the medium term
- Rigorous credit monitoring conducted by in-house credit research team
- Aims to create a corpus through generating inflation-adjusted returns

Note - Restriction on fresh/additional subscription through any investment mode such as lumpsum investment, wites, etc. and/or fresh enrolment of facilities such as SIP, STP facility etc. under HSBC Credit Risk Fund upto a limit of INR 5 lakhs per month per PAN with effect from November 1, 2023 (effective date), till further notice. Investors are further requested to refer latest Notice cum addendum in this regard as available on the website of HSBC Mutual Fund for any update.

Entry Load*: Not Applicable, **Exit Load**: If the units redeemed or switched out are upto 10% of the units purchased or switched in ("the limit") within 1 year from the date of allotment – Nil. If units redeemed or switched out are over and above the limit within 1 year from the date of allotment –1%. If units are redeemed or switched out on or after 1 year from the date of allotment – Nil.

Month End Total Expenses Ratios (Annualized)⁴ – Regular⁵: 1.68%, Direct: 0.86%

¹As 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. ²Fund's benchmark has changed with effect from April 01, 2022.

³AUM is as on 29 February 2024

⁴TER Annualized TER including GST on Investment Management Fees

⁵Continuing plans

⁶For 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 of 29 February 2024. **Past performance may or may not be sustained in the future and is not indicative of future results.**

Portfolio

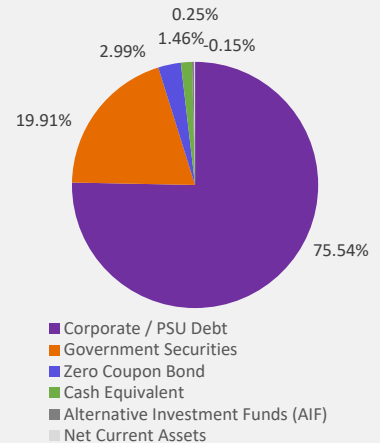
| Issuer | Rating | % to Net Assets |
|--|---------------------|-----------------|
| Corporate Bonds / Debentures | | 75.83% |
| Tata Projects Limited | IND AA | 4.61% |
| Nuvoco Vistas Corp Limited | CRISIL AA | 4.53% |
| Godrej Industries Limited | CRISIL AA | 4.49% |
| DLF Cyber City Developers Limited | CRISIL AA | 4.42% |
| Small Industries Development Bank of India | CRISIL AAA | 4.41% |
| National Bank for Agriculture & Rural Development | CRISIL AAA | 4.41% |
| Nirma Limited | CRISIL AA | 4.39% |
| Jm Financial Services Limited | CRISIL AA | 3.58% |
| Hinduja Leyland Finance Limited | CRISIL AA | 3.51% |
| Oriental Nagpur Betul Highway Limited (Nhai Annuity Receivables) | CRISIL AAA | 3.35% |
| Phoenix ARC Limited (Kotak Group Entity) | CRISIL AA | 2.93% |
| ONGC Petro Additions Limited | ICRA AA / CRISIL AA | 4.63% |
| Aadhar Housing Finance Limited | ICRA AA / IND AA | 4.60% |
| PNB Housing Finance Limited | ICRA AA / CRISIL AA | 4.63% |
| TVS Credit Services Limited | CRISIL AA | 2.71% |
| Godrej Housing Finance Limited | CRISIL AA | 2.71% |
| JSW Steel Limited | CARE AA | 2.71% |
| TMF Holdings Limited | CRISIL AA | 2.61% |
| Tata Motors Limited | ICRA AA | 1.86% |
| Tata Housing Development Company Limited | CARE AA | 1.77% |
| Yarrow Infrastructure Pvt Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 1.36% |
| Tata power Company Limited | CARE AA | 0.97% |
| Vector Green Prayagraj Solar Pvt Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 0.22% |
| Sepset Constructions Pvt Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 0.18% |
| Malwa Solar Power Generation Pvt Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 0.18% |
| Citra Real Estate Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 0.03% |
| Priapus Infrastructure Pvt Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | CRISIL AA | 0.03% |
| Government Securities | | 19.70% |
| 7.18% GOI 14AUG2033 GSEC | SOVEREIGN | 9.75% |
| 7.38% GOI 20JUN2027 | SOVEREIGN | 4.49% |
| GOI FRB - 22SEP33 | SOVEREIGN | 3.68% |
| 7.26% GOI 06FEB33 | SOVEREIGN | 1.78% |
| Zero Coupon Bond | | 3.02% |
| Andhra Pradesh Expressway Limited | ICRA AAA | 3.02% |
| Alternative Investment Funds (AIF) | | 0.25% |
| CDMDF CLASS A2 | AIF | 0.25% |
| Cash Equivalent | | 1.20% |
| TREPS* | | 2.27% |
| Net Current Assets | | -1.07% |
| Total Net Assets as on 29-February-2024 | | 100.00% |

*TREPS : Tri-Party Repo

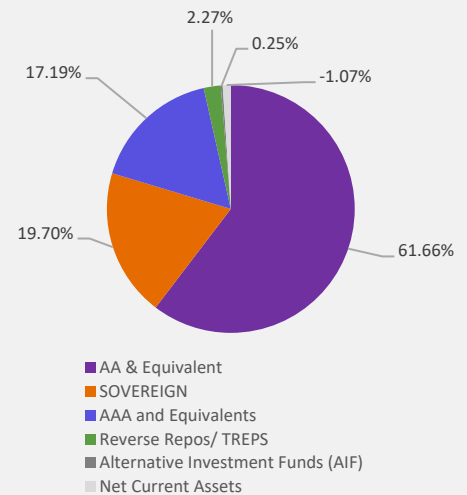
Source: HSBC Mutual Fund, Data as on 29 February 2024

Note : Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

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.

Fund Manager - Shriram Ramanathan Effective 24 Nov 2012. Total Schemes Managed - 10
Fund Manager - Kapil Lal Punjabi Effective 26 Nov 2022. Total Schemes Managed - 10

| 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 Credit Risk Fund - Regular Plan~ | 10675 | 6.73 | 11762 | 5.54 | 12530 | 4.61 | 26032 | 6.87 | 08-Oct-08 60-10-09 |
| Scheme Benchmark (NIFTY Credit Risk Bond Index C-III) | 11006 | 10.04 | 12814 | 8.59 | 15430 | 9.05 | 35236 | 9.14 | |
| Additional Benchmark (CRISIL 10 year Gilt Index) | 10942 | 9.39 | 11374 | 4.37 | 13518 | 6.21 | 23829 | 6.21 | |

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 February 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.

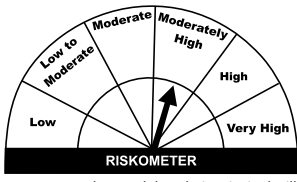
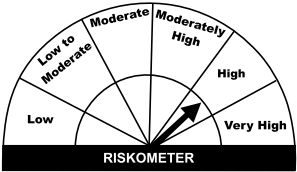
As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

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 May 19, 2023, 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 29 February 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 |
|--|--|--|
| <p>HSBC Credit Risk Fund</p> <p>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>This product is suitable for investors who are seeking[†]:</p> <ul style="list-style-type: none"> • Generation of regular returns and capital appreciation over medium to long term • Investment in debt instruments (including securitized debt), government and money market securities |  <p>RISKOMETER</p> <p>Investors understand that their principal will be at Moderately High risk</p> | <p>Benchmark : NIFTY Credit Risk Bond Index C-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 29 February 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 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. | | | |

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 29 February 2024

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