



# Note on Fixed Income Market

June 2022

## Fixed Income market update and outlook

The key event in the beginning of April was the 1st RBI bimonthly monetary policy committee meeting. While RBI maintained status quo on repo rate, it re-worded its stance to “accommodative with focus on withdrawal of accommodation”. RBI also introduced “Standing Deposit Facility”, which will now be the floor of the liquidity adjustment facility (LAF) corridor and SDF (Standing Deposit Facility) will apply for. Thus there was a de-facto move upward in the operative rate in April. In addition, the change in stance and the prioritization of inflation over growth imparted a hawkish tinge to the policy. Further inflation projection for FY 23 was raised to 5.7% v/s 4.5% even as growth projection was lowered to 7.2% from 8.2%. On the positive side, RBI enhanced the limit under held to maturity (HTM) category to 23% of net demand and time liabilities (NDTL) from 22% of NDTL till March 31, 2023.

May started off with a surprise unscheduled policy meet by the RBI monetary policy committee (MPC) meeting on 4th May. MPC unanimously voted for a 40 bps increase in repo rate to 4.40% v/s 4.0% earlier (and alongside 40 bps increase in MSF (marginal standing facility) and standing deposit facility (SDF) rates). Apart from this, RBI also hiked cash reserve ratio (CRR) to 4.5% of net demand and time liabilities (NDTL) from 4% of NDTL. In its statement, the RBI mentioned that anchoring inflation expectations and containing second order effects, warranted resolute and calibrated steps to combat inflation.

In June MPC: RBI hiked repo rate by a further 50 bps to 4.9% from 4.40% earlier; no CRR hike; FY 23 inflation projection was further increased to 6.8% v/s 5.7%

March CPI inflation numbers came in much higher than expected at 6.95% and April CPI inflation numbers came in further at 7.80%, higher than even the elevated consensus expectations of ~7.5%. However, in May, inflation cooled off to 7.04% on base effects and lower than expected food inflation. In end May, Government of India cut excise duty on petrol by INR 8, diesel by INR 6; revenue loss expected to be ~ INR 1.0 trn; however, expected to help moderate inflation by 25-30 bps, which will be fully reflected in June inflation numbers; GOI also announced additional fertilizer subsidy spend of INR 1.1 trn; conservative revenue estimates in budget provides buffer to absorb revenue hit and higher expenditure.

Higher than expected US inflation numbers led to a larger than expected 75 bps hike by Federal Reserve. Global macro environment remains unfavorable given geopolitical tensions and volatile commodity prices and UST treasury 10 yr yields have inched up sharply in the quarter to ~ 3.17 as on date from ~ 2.33 in end March, as expectation of Federal Reserve rate hikes were sharply revised upwards.

Overall we saw a sharp move in yields across the yield curve during the quarter. 10 y G-sec currently trades at 7.41 v/s 6.84 as of end March and curve has bear flattened with 3-5 yr higher by 100-130 bps and 1-2 yr higher by 130-150 bps from end March levels. Similar bear flattening trend was seen on corporate bond side as well. We saw similar hardening of money market rates upto 1 year by 125-150 bps leading to underperformance of short maturing funds.

Source – HSBC Mutual Fund, Bloomberg, Data as of 27 June '22

| Fund Name                      | Maturity In Months^ | Modified Duration^ | YTM^  |
|--------------------------------|---------------------|--------------------|-------|
| HSBC Cash Fund                 | 1.18                | 1.18               | 5.03% |
| HSBC Ultra Short Duration Fund | 4.04                | 4.00               | 5.64% |
| HSBC Low Duration Fund         | 8.24                | 7.81               | 6.07% |

^ Data as of 24 June '22

Currently markets discount RBI’s expected future repo rate hikes to great extent. RBI is expected to raise repo rates to 5.25-5.50 by August – October 2022 and further to 6.00-6.25 between February – April 2023 period. Currently March 23 maturing AAA CDs are trading at 6.25 in line with expected Repo rate trajectory.

Based on our internal calculations the Current YTM difference between HSBC Ultra Short Duration Fund and HSBC Cash Fund of ~61 bps and difference between HSBC Low Duration Fund and HSBC Cash Fund of ~100bps provide cushion of 50 bps YTM hardening over next 3 month period. i.e. even if YTM were to go up 50 bps over next 3 months, HSBC Ultra Short Duration Fund and HSBC Low Duration Fund in 3 months theoretically will be similar to HSBC Cash Fund’s current YTM.

Source – HSBC Mutual Fund, Bloomberg, Data as of 27 June '22,

| Lump sum Investment performance                   |              |           |              |           |              |           |              |             |              |           |              |           |                 |           |
|---|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-------------|--------------|-----------|--------------|-----------|-----------------|-----------|
| Fund / Benchmark<br>(Value of Rs 10,000 invested) | 7 Days       |           | 15 Days      |           | 30 Days      |           | 1 Year       |             | 3 Years      |           | 5 Years      |           | Since Inception |           |
|   | Amount in Rs | Returns % | Amount In Rs | Returns % | Amount in Rs | Returns % | Amount in Rs | Returns (%) | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs    | Returns % |
| HSBC Cash Fund <sup>1</sup>                       | 10,008       | 4.52      | 10,018       | 4.45      | 10,030       | 3.74      | 10,346       | 3.46        | 11,281       | 4.10      | 12,967       | 5.33      | 21,198          | 7.04      |
| Scheme Benchmark (CRISIL Liquid Fund A-I Index)   | 10,009       | 4.83      | 10,020       | 4.89      | 10,030       | 3.69      | 10,366       | 3.66        | 11,337       | 4.27      | 12,963       | 5.33      | 21,032          | 6.97      |
| Additional Benchmark (CRISIL1YearT-BillIndex)*    | 10,007       | 3.52      | 10,021       | 5.22      | 9,942        | -6.83     | 10,278       | 2.78        | 11,501       | 4.77      | 13,130       | 5.60      | 20,241          | 6.59      |

Inception Date: 04-Dec-02

| Lump sum Investment performance                               |              |           |              |           |              |           |                 |           |                           |
|---|--------------|-----------|--------------|-----------|--------------|-----------|-----------------|-----------|---------------------------|
| Fund / Benchmark<br>(Value of Rs 10,000 invested)             | 1 Year       |           | 3 Years      |           | 5 Years      |           | Since Inception |           |                           |
|   | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs    | Returns % |                           |
| HSBC Ultra Short Duration Fund                                | 10,331       | 3.31      | NA           | NA        | NA           | NA        | 10,991          | 4.13      | Inception Date: 29-Jan-20 |
| Scheme Benchmark (CRISIL Ultra Short Duration Fund A-I Index) | 10,371       | 3.71      | NA           | NA        | NA           | NA        | 11,085          | 4.51      |                           |
| Additional Benchmark (NIFTY Ultra Short Duration Debt Index)* | 10,391       | 3.91      | NA           | NA        | NA           | NA        | 11,090          | 4.53      |                           |
| Additional Benchmark (CRISIL 1 Year T-Bill Index)*            | 10,278       | 2.78      | NA           | NA        | NA           | NA        | 11,000          | 4.16      | Inception Date: 17-Oct-06 |
| HSBC Low Duration Fund <sup>2</sup>                           | 10,270       | 2.70      | 10,134       | 0.44      | 11,532       | 2.89      | 16,737          | 5.47      |                           |
| Scheme Benchmark (CRISIL Low Duration Fund B-I Index)         | 10,384       | 3.84      | 11,773       | 5.59      | 13,593       | 6.33      | 20,338          | 7.62      |                           |
| Additional Benchmark (CRISIL 1 Year T-Bill Index) *           | 10,278       | 2.78      | 11,501       | 4.77      | 13,130       | 5.60      | 18,267          | 6.43      |                           |

HSBC Cash Fund - Fund Manager - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (14 March 2014), HSBC Ultra Short Duration Fund - Fund Manager - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (29 January 2020), HSBC Low Duration Fund - Fund Manager - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (18 October 2014),

| Performance of other funds managed by the Fund Manager             |              |           |              |           |              |           |                 |           |                           |
|--|--------------|-----------|--------------|-----------|--------------|-----------|-----------------|-----------|---------------------------|
| Fund / Benchmark<br>(Value of Rs 10,000 Invested)                  | 1 Year       |           | 3 Years      |           | 5 Years      |           | Since Inception |           |                           |
|  | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs    | Returns % |                           |
| HSBC Overnight Fund  | 10,329       | 3.29      | 11,124       | 3.61      | NA           | NA        | 11,139          | 3.63      | Inception Date: 22-May-19 |
| Scheme Benchmark (CRISIL Overnight Fund A-I Index)                 | 10,346       | 3.46      | 11,177       | 3.78      | NA           | NA        | 11,193          | 3.79      |                           |
| Additional Benchmark (CRISIL 1 Year T Bill Index)*                 | 10,278       | 2.78      | 11,502       | 4.77      | NA           | NA        | 11,537          | 4.84      |                           |
| Additional Benchmark (Nifty 1D Rate Index)*                        | 10,346       | 3.46      | 11,177       | 3.78      | NA           | NA        | 11,193          | 3.79      |                           |
| HSBC Debt Fund   | 9,948        | -0.52     | 11,372       | 4.37      | 12,554       | 4.65      | 34,521          | 6.57      | Inception Date: 10-Dec-02 |
| Scheme Benchmark (CRISIL Medium to Long Duration Fund B-III Index) | 10,297       | 2.97      | 12,741       | 8.40      | 14,313       | 7.43      | 45,738          | 8.12      |                           |
| Additional Benchmark (CRISIL 10 year Gilt Index) *                 | 9,612        | -3.88     | 11,276       | 4.08      | 12,350       | 4.31      | 29,912          | 5.78      |                           |
| HSBC Regular Savings Fund  | 10,211       | 2.11      | 12,036       | 6.37      | 13,029       | 5.43      | 44,710          | 8.54      | Inception Date: 24-Feb-04 |
| Scheme Benchmark (CRISIL Hybrid 85+15 - Conservative Index)        | 10,182       | 1.82      | 12,627       | 8.08      | 14,518       | 7.74      | 42,346          | 8.22      |                           |
| Additional Benchmark (CRISIL 10 Year Gilt Index) *                 | 9,612        | -3.88     | 11,276       | 4.08      | 12,350       | 4.31      | 26,033          | 5.37      |                           |
| HSBC Equity Hybrid Fund  | 10,259       | 2.59      | 13,443       | 10.36     | NA           | NA        | 14,767          | 11.41     | Inception Date: 22-Oct-18 |
| Scheme Benchmark (CRISIL Hybrid 35+65 - Aggressive Fund Index)     | 10,563       | 5.63      | 14,195       | 12.38     | NA           | NA        | 16,019          | 13.95     |                           |
| Additional Benchmark (Nifty 50 TRI) *                              | 10,790       | 7.90      | 14,447       | 13.03     | NA           | NA        | 16,912          | 15.68     |                           |

| Fund / Benchmark<br>(Value of Rs10,000 invested) | 1 Year       |           | Since Inception |           |                           |
|--|--------------|-----------|-----------------|-----------|---------------------------|
|  | Amount in Rs | Returns % | Amount in Rs    | Returns % |                           |
| HSBC Global Equity Climate Change Fund           | 8,701        | -12.89    | 8,695           | -11.07    | Inception Date: 22-Mar-21 |
| Scheme Benchmark (MSCI AC World TRI)             | 9,995        | -0.05     | 10,595          | 4.97      |                           |
| Additional Benchmark (Nifty 50 TRI)              | 10,909       | 9.01      | 11,437          | 11.93     |                           |

HSBC Overnight Fund - Fund Manager - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (22 May 2019), HSBC Debt Fund - Fund Manager - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (18 February 2019), HSBC Regular Savings Fund - Fund Manager - Funds Managed by Kapil Punjabi (For Debt Portion) (Total Schemes Managed 8) - Effective (18 February 2019), Fund Manager - Funds Managed by Gautam Bhupal (For Equity portion) (Total Schemes Managed 7) - Effective (23 July 2019), HSBC Equity Hybrid Fund - Fund Manager - Funds Managed by Neelotpal Sahai (For Equity) Total Schemes Managed – 5 - Effective (22 October 2018), Fund Manager - Funds Managed by Ranjithgopal K A (For Equity) Total Schemes Managed – 1 - Effective (23 July 2019), Fund Manager - Funds Managed by Kapil Punjabi (For Debt) Total Schemes Managed – 8 - Effective (18 February 2019), HSBC Global Equity Climate Change Fund - Funds Managed by Kapil Punjabi (Total Schemes Managed 8) - Effective (22 March 2021), Funds Managed by B. Aswin Kumar (For Overseas Investments) (Total Schemes Managed 4) - Effective (07 October 2021)

Past performance may or may not be sustained in the future. Refer note below. Data as on 31 May ‘22

\*Additional benchmark as per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

<sup>2</sup> Pursuant to SEBI circular dated Sept 13, 2012, certain Plans / Options within the schemes have been discontinued to comply with a single plan structure. Since there was no continuous NAV history available for the surviving Plan prior to 1 October 2012, returns since the said date have been considered for calculating performance. The inception date of HSBC Low Duration Fund however is 17 October 2006.

The performance details provided herein are of other than Direct Plan - Growth Option. Returns on Rs 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 May 2022 for the respective Schemes. Returns 1 year and Above are Compounded Annualised. Returns for less than 1 year is Simple Annualised. 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 Other than Direct Plan. The performance data of the scheme(s) managed by the respective Fund Manager which has/have not completed 6 month is not provided. The varying maturities of the close ended schemes, the performance of close-ended schemes is not provided as it is strictly not comparable with that of open ended schemes.

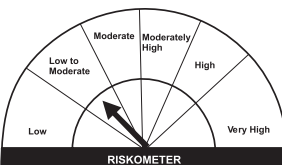
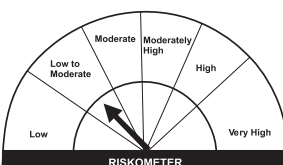
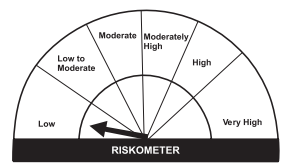
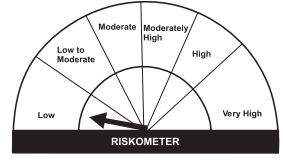

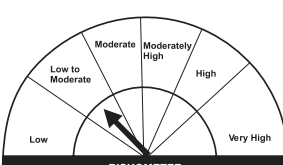
SEBI vide its circular no. SEBI/HO/IMD/ IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on ‘Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes’ has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark of the scheme has been classified as Tier 1 benchmark effective from 01 December 2021

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 Cash Fund Riskometer   |   |   |
|---|---|---|
| <div>HSBC Cash Fund</div>  <p>Investors understand that their principal will be from Low to Moderate risk</p>                   | <p><b>Liquid Fund</b> - An Open Ended Liquid Scheme. Relatively low interest rate risk and relatively low credit risk.</p> <p><b>This product is suitable for investors who are seeking**:</b></p> <ul style="list-style-type: none"><li>• Overnight Liquidity over short term.</li><li>• Invests in Money Market Instruments.</li></ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p><small>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.</small></p>   | <p><b>Benchmark: CRISIL Liquid Fund A-I Index</b></p>                  |
| HSBC Overnight Fund Riskometer  |   |   |
| <div>HSBC Overnight Fund</div>  <p>Investors understand that their principal will be at Low risk</p>                           | <p><b>Overnight Fund</b>- An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low 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 and high liquidity</li><li>• Investment in debt &amp; money market instruments with overnight maturity.</li></ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p><small>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.</small></p>  | <p><b>Benchmark: CRISIL Overnight Fund A-I Index</b></p>              |
| HSBC Ultra Short Duration Fund Riskometer   |   |   |
| <div>HSBC Ultra Short Duration Fund</div>  <p>Investors understand that their principal will be from 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. Relatively low interest rate risk and relatively low credit risk. Please refer page no. 9 Scheme Information Document on Macaulay duration.</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.</li></ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p><small>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.</small></p> | <p><b>Benchmark: CRISIL Ultra Short Duration Fund A-I Index</b></p>  |

| Potential Risk Class (HSBC Cash Fund, HSBC Overnight Fund & HSBC Ultra Short Duration Fund) |                          |                    |                           |
|---|--------------------------|--------------------|---------------------------|
| Credit Risk →   |                          |                    |                           |
| Interest Rate Risk ↓  | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Relatively Low (Class I)  | A-I                      |                    |                           |
| Moderate (Class II)   |                          |                    |                           |
| Relatively High (Class III)   |                          |                    |                           |

"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."

Please refer page no. 9 Scheme Information Document for explanation on Macaulay duration

| HSBC Debt Fund Riskometer  |   |  |
|--|---|--|
| <div> <div>HSBC Debt Fund</div> <div>Investors understand that their principal will be at Moderate risk</div> </div> | <p><b>Medium to Long Duration Fund</b> - 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. Relatively high interest rate risk and moderate credit risk. Please refer page no. 9 Scheme Information Document on Macaulay duration.</p> <p><b>This product is suitable for investors who are seeking**:</b></p> <ul style="list-style-type: none"> <li>Regular Income over long term</li> <li>Investment in diversified portfolio of fixed income securities such that the Macaulay^ duration of the portfolio is between 4 years to 7 years.</li> </ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure.' As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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> | <div> <div>Benchmark: CRISIL Medium to Long Duration Fund B-III</div> </div> |

| Potential Risk Class (HSBC Debt 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)           |                          | B-III              |                           |

"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."

| HSBC Low Duration Fund Riskometer   |  |   |
|---|--|---|
| <div> <div>HSBC Low Duration Fund</div> <div>Investors understand that their principal will be from Low to Moderate risk</div> </div> | <p><b>Low Duration Fund</b> - An open ended Low Duration Debt Scheme investing in instruments such that the Macaulay^ duration of the portfolio is between 6 months to 12 months. Relatively low interest rate risk and moderate credit risk. Please refer page no. 9 Scheme Information Document on Macaulay duration.</p> <p><b>This product is suitable for investors who are seeking**:</b></p> <ul style="list-style-type: none"> <li>Liquidity over short term.</li> <li>Investment in debt and money market instruments such that the Macaulay^ duration of the portfolio is between 6 months to 12 months.</li> </ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure.' As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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> | <div> <div>Benchmark: CRISIL Low Duration Fund B-I Index</div> </div> |

| Potential Risk Class (HSBC Low Duration Fund) |                          |                    |                           |
|---|--------------------------|--------------------|---------------------------|
| Credit Risk →                                 |                          |                    |                           |
| Interest Rate Risk ↓                          | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Relatively Low (Class I)                      |                          | B-I                |                           |
| Moderate (Class II)                           |                          |                    |                           |
| Relatively High (Class III)                   |                          |                    |                           |

"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."

| HSBC Global Equity Climate Change Fund of Fund Riskometer   |   |  |
|---|---|--|
| <div> <div>HSBC Global Equity Climate Change Fund of Fund</div> <div>Investors understand that their principal will be at Very High risk</div> </div> | <p><b>Fund of Funds (Overseas)</b> - An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change</p> <p><b>This product is suitable for investors who are seeking**:</b></p> <ul style="list-style-type: none"> <li>To create wealth over long term</li> <li>Investment predominantly in companies positioned to benefit from climate change through fund of funds route</li> </ul> <p><b>**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</b></p> <p>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure.' As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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> | <div> <div>Benchmark: MSCI AC World TRI</div> </div> |

Please refer page no. 9 Scheme Information Document for explanation on Macaulay duration

| HSBC Equity Hybrid Fund Riskometer  |   |   |
|---|---|---|
| <div> <div> <div>HSBC Equity Hybrid Fund</div> <div>Investors understand that their principal will be at Very High risk</div> </div> </div> | <div> <div> <div>Aggressive Hybrid fund - An open ended Hybrid scheme investing predominantly in equity and equity related instruments</div> <div> <div>This product is suitable for Investors who are seeking<sup>**</sup>:</div> <ul style="list-style-type: none"> <li>Long term wealth creation and income.</li> <li>Invests in equity and equity related securities and fixed Income instruments.</li> </ul> </div> <div> <div><sup>**</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</div> </div> </div> </div>   | <div> <div> <div>Benchmark: CRISIL Hybrid 35+65 - Aggressive Fund Index</div> </div> </div> |
|   | <div> <div>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure.' As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.</div> </div> |   |

| HSBC Regular Savings Fund Riskometer  |   |   |
|---|---|---|
| <div> <div> <div>HSBC Regular Savings Fund</div> <div>Investors understand that their principal will be at Moderately High risk</div> </div> </div> | <div> <div> <div>Conservative Hybrid Fund- An open ended Hybrid Scheme investing predominantly in debt instruments.</div> <div> <div>This product is suitable for Investors who are seeking<sup>**</sup>:</div> <ul style="list-style-type: none"> <li>Capital appreciation over medium to long term.</li> <li>Investment in fixed income (debt and money market instruments) as well as equity and equity related securities.</li> </ul> </div> <div> <div><sup>**</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</div> </div> </div> </div>   | <div> <div> <div>Benchmark: CRISIL Hybrid 85+15 - Conservative Index)</div> </div> </div> |
|   | <div> <div>Please note that the above risk-o-meter is as per the product labelling of the Scheme available as on the date of this communication/ disclosure.' As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.</div> </div> |   |

^^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

Source: HSBC Asset Management, India

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