

## Product Note

### HSBC Medium Duration Fund (HMDF) (Erstwhile L&T Resurgent India Bond Fund)

Medium Duration Fund - An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (for details on Macaulay's Duration please refer to no. 9). A relatively high interest rate risk and moderate credit risk.

July 2023

Fund Category	Fund Manager	Benchmark <sup>1, 2</sup>	Inception Date	AUM
Medium Duration	Shriram Ramanathan and Kapil Lal Punjabi	NIFTY Medium Duration Debt Index B-III	2 Feb 2015	Rs. 692.78 Cr

Quantitative Data		Minimum Investment		
Average Maturity	4.02 year	Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	3.06 year	Exit Load / Entry Load		
Macaulay Duration <sup>^</sup>	3.21 year			
Yield to Maturity	7.91%	NIL		

### Why HSBC Medium Duration Fund?

- Creating alpha by identifying pockets of value propositions, vis-à-vis yield curve steepness, attractive carry opportunities, elevated credit spreads, etc.
- Rigorous credit selection process to ensure good portfolio quality; Latest rating actions are stable/upward on the entire portfolio; Nil downgrades
- Demonstrated ability to strategically manage Duration in periods of volatile interest rates
- With interest rates consolidating at a higher level, a strategy combining a prudent mix of strategic Duration calls and Accrual product is well suited for investors with 3 year horizon
- Currently offers 50-60 bps over plain vanilla AAA bond funds, driven by niche positioning

### Fund Strategy

- Aims at delivering yield pick up through judicious exposure to high quality/relatively less liquid space, while keeping adequate liquidity
- 80-85% of the portfolio in AAA or equivalent securities; Nil exposure to AA- and below rated names
- Almost 40% of portfolio exposure to Cash and G-Sec; adequate fire power available given the high proportion of G-Sec in the portfolio, to opportunistically evaluate deals with good yield pick up
- Strategic duration management in an Accrual product

<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.

Fund strategy as at Jan '23. Data as on 30 June 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-it-mutual-fund>.

## Portfolio

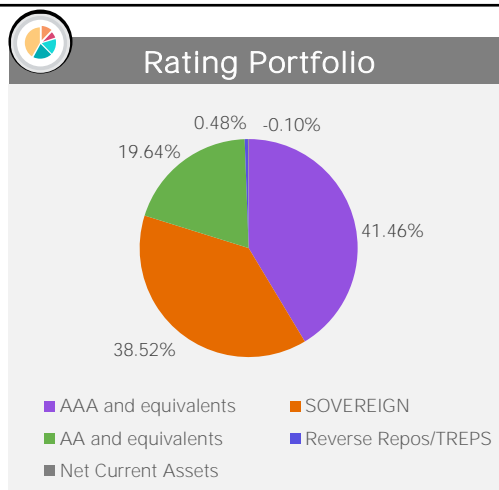
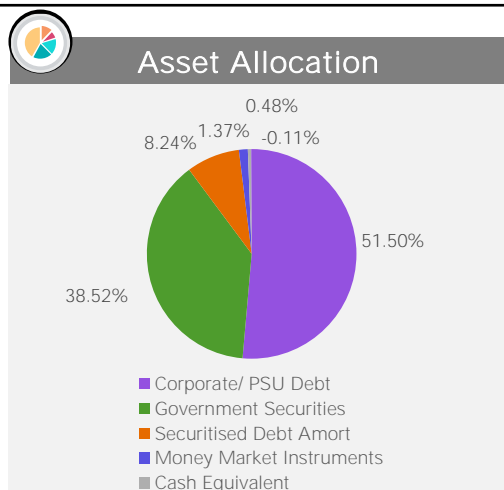
Issuer	Rating	% to Net Assets
<b>Corporate Bonds / Debentures</b>		<b>51.50%</b>
ONGC Petro Additions Limited	ICRA AAA (CE)	7.19%
NIIF Infrastructure Finance Limited	ICRA AAA	4.76%
Oriental Nagpur Betul Highway Limited	CRISIL AAA	4.38%
Cholamandalam Investment & Finance Company Limited	ICRA AA+	4.35%
Embassy Office Parks REIT	CRISIL AAA	4.30%
Patel Knr Heavy Infrastructures Private Limited	CARE AA+	4.10%
Bharti Telecom Limited	CRISIL AA+	3.79%
LIC Housing Finance Limited	CRISIL AAA	3.65%
Aadhar Housing Finance Limited	IND AA	2.90%
Sikka Ports & Terminals Limited	CRISIL AAA	2.30%
Yarrow Infrastructure Pvt Limited	IND AAA (CE)	1.95%
TVS Credit Services Limited	CRISIL AA	1.53%
HINDUJA LEYLAND FINANCE LIMITED	CRISIL AA	1.51%
TMF Holdings Limited	CRISIL AA	1.46%
Bajaj Finance Limited	CRISIL AAA	0.78%
Vector Green Prayagraj Solar Pvt Limited	IND AAA (CE)	0.72%
Malwa Solar Power Generation Pvt Limited	IND AAA (CE)	0.61%
Sepset Constructions Pvt Limited	IND AAA (CE)	0.61%
Power Finance Corporation Limited	CRISIL AAA	0.42%
Priapus Infrastructure Pvt Limited	IND AAA (CE)	0.10%
Citra Real Estate Limited	IND AAA (CE)	0.09%
<b>Money Market Instruments</b>		
<b>Commercial Paper</b>		<b>1.37%</b>
Shriram Finance Limited	CRISIL A1+	1.37%
<b>Securitised Debt Amort</b>		<b>8.23%</b>
First Business Receivables Trust	CRISIL AAA(SO)	8.23%
<b>Government Securities</b>		<b>38.52%</b>
7.38% GOI 20JUN2027	SOVEREIGN	15.35%
7.26% GOI 22AUG2032	SOVEREIGN	14.17%
7.26% GOVERNMENT OF INDIA 06FEB33	SOVEREIGN	9.00%
<b>Cash Equivalent</b>		<b>0.38%</b>
<b>TREPS*</b>		<b>0.48%</b>
<b>Net Current Assets:</b>		<b>-0.10%</b>
<b>Total Net Assets as on 30-JUNE-2023</b>		<b>100.00%</b>

\*TREPS : Tri-Party Repo

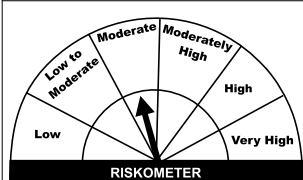
## Investment Objective

To seek to generate income by investing primarily in debt and money market securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

Source: HSBC Asset Management India, data as at 30 June 2023



**HSBC Medium Duration Fund (Erstwhile L&T Resurgent India Bond Fund)**



Investors understand that their principal will be at Moderate risk

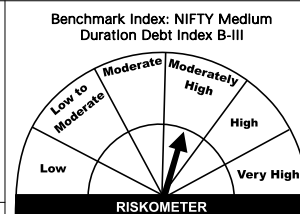
**Medium Duration Fund** - An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (for details on Macaulay's Duration please refer to the SID under the section "Asset Allocation Pattern"). A relatively high interest rate risk and moderate credit risk.

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

- Generation of income over medium term
- Investment primarily in debt and money market securities

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

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 30 June 2023,

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