

## 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)

May 2023

| Fund Category | Fund Manager                       | Benchmark <sup>1, 2</sup>        | Inception Date | AUM           |
|---------------|------------------------------------|----------------------------------|----------------|---------------|
| Dynamic Bond  | Jalpan Shah and Shriram Ramanathan | NIFTY Composite Debt Index A-III | 27 Sep 2010    | Rs. 199.25 Cr |

| Quantitative Data              |           |
|--------------------------------|-----------|
| Average Maturity               | 2.81 year |
| Modified Duration              | 2.22 year |
| Macaulay Duration <sup>^</sup> | 2.34 year |
| Yield to Maturity              | 7.26%     |

| Minimum Investment     |              |                                |
|------------------------|--------------|--------------------------------|
| Lumpsum<br>₹ 5,000     | SIP<br>₹ 500 | Additional Purchase<br>₹ 1,000 |
| Exit Load / Entry Load |              |                                |
| NIL                    |              |                                |

### 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.
- Irrespective of the interest rate cycle, the fund through active duration management along with dynamic asset allocation has generated positive returns from even the lowest interest rates in the cycle
- 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 are 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.
- Investments in a highly liquid portfolio so as to enable positioning changes based on evolving scenario.
- ~ 50-55% of the portfolio is invested in Corporate bonds in 1-3 year segment for higher accrual. Overweight Corporate Bonds in this segment as spreads over Gsec are relatively better in this part of the curve.
- ~ 40-45% of the portfolio is invested in 4 to 10 year Gsec for higher duration. Overweight Gsec in this segment as Corporate Bond spreads over Gsecs are lower in this part of the curve.

<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 April 2023

The fund has undergone merger/consolidation along with 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>.

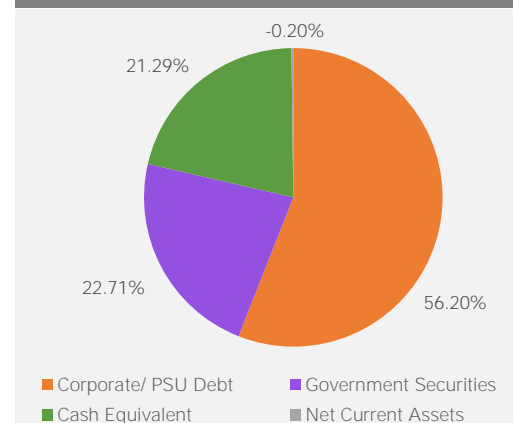
## Portfolio

| Issuer  | Rating     | % to Net Assets |
|---|------------|-----------------|
| <b>Corporate/ PSU Debt</b>                        |            |                 |
| <b>Corporate Bonds / Debentures</b>               |            |                 |
| Rec Limited                                       | CRISIL AAA | 8.10%           |
| Small Industries Development Bank of India        | CARE AAA   | 7.92%           |
| National Bank for Agriculture & Rural Development | CRISIL AAA | 7.73%           |
| Reliance Industries Limited                       | CRISIL AAA | 7.53%           |
| National Housing Bank                             | CRISIL AAA | 7.50%           |
| Indian Oil Corporation Limited                    | ICRA AAA   | 7.48%           |
| LIC Housing Finance Limited                       | CRISIL AAA | 5.03%           |
| Housing Development Finance Corporation Limited   | CRISIL AAA | 4.91%           |
| <b>Government Securities</b>                      |            | <b>22.71%</b>   |
| 7.26% GOI 22AUG2032                               | SOVEREIGN  | 12.81%          |
| 7.38% GOI 20JUN2027                               | SOVEREIGN  | 7.83%           |
| 07.26% GS 2029                                    | SOVEREIGN  | 1.29%           |
| GOI 07.17% 08JAN28                                | SOVEREIGN  | 0.52%           |
| GOI 07.68% 15DEC2023                              | SOVEREIGN  | 0.26%           |
| <b>Cash Equivalent</b>                            |            | <b>21.09%</b>   |
| <b>TREPS*</b>                                     |            | <b>21.29%</b>   |
| <b>Net Current Assets</b>                         |            | <b>-0.20%</b>   |
| <b>Total Net Assets as on 30-APRIL-2023</b>       |            | <b>100.00%</b>  |

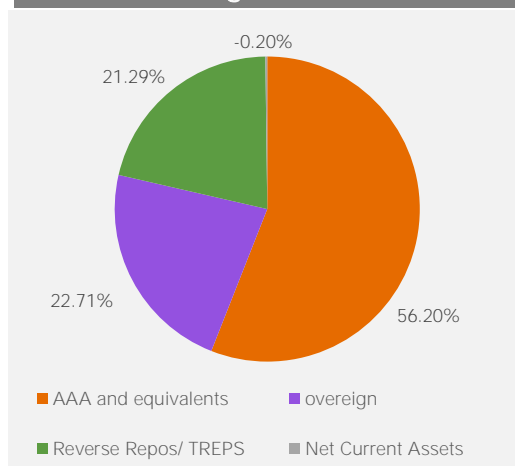
\*TREPS : Tri-Party Repo



## Asset Allocation

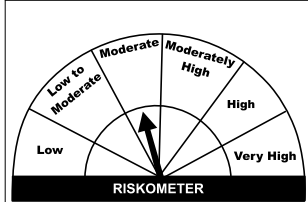
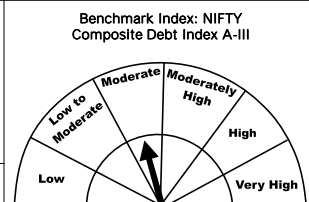


## Rating Portfolio



## 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.

| HSBC Dynamic Bond Fund (Erstwhile L&T Flexi Bond Fund)   |   |  |
|--|---|--|
|  <p>Investors understand that their principal will be at Moderate risk</p> | <p><b>Dynamic Bond Fund</b> - An open ended dynamic debt scheme investing across duration. A relatively high 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>• Generation of reasonable returns over medium to long term</li> <li>• Investment in fixed income 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 30 April 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>Benchmark Index: NIFTY Composite Debt Index A-III</p>  |

### Potential Risk Class (HSBC Dynamic Bond 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)   | A-III                    |                    |                           |
| A Scheme with Relatively High interest rate risk and Low 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 April 2023,

Disclaimer: This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and / or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information / opinion herein.

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor the units of HSBC Mutual Fund have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person do so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so.

© Copyright. HSBC Asset Management (India) Private Limited 2023, ALL RIGHTS RESERVED.  
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.