

## Product Note

### HSBC Credit Risk Fund (HCRF) (Erstwhile L&T Credit Risk Fund)

Credit Risk Fund - 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.

September 2023

Fund Category	Fund Manager	Benchmark <sup>1, 2</sup>	Inception Date	AUM <sup>3</sup>
Credit Risk	Shriram Ramanathan and Kapil Lal Punjabi (Co Fund Manager)	NIFTY Credit Risk Bond Index C-III	8 Oct 2009	Rs. 339.10 Cr

Quantitative Data		Minimum Investment		
Average Maturity	2.02 years	Lumpsum	SIP	Additional Purchase
Modified Duration	1.68 year	₹ 5,000	₹ 500	₹ 1,000
Macaulay Duration	1.79 year			
Yield to Maturity	8.17%			

### 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 ~~some~~ credit risk to generate high accrual while keeping interest rate risk low, ~~could may~~ consider investing in this fund

### Fund Strategy

- 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

Entry Load : NA, Exit Load: • Units redeemed or switched out are upto 10% of the units purchased or switched in ("the limit") within 2 years from the date of allotment – Nil • Units redeemed or switched out are over and above the limit within 1 year from the date of allotment –3%. • Units redeemed or switched on or after 1 year upto 2 years from the date of allotment –2%. • Units redeemed or switched on or after 2 years from the date of allotment –Nil

<sup>1</sup>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. <sup>2</sup>Fund's benchmark has changed with effect from April 01, 2022. Data as on 31 August 2023

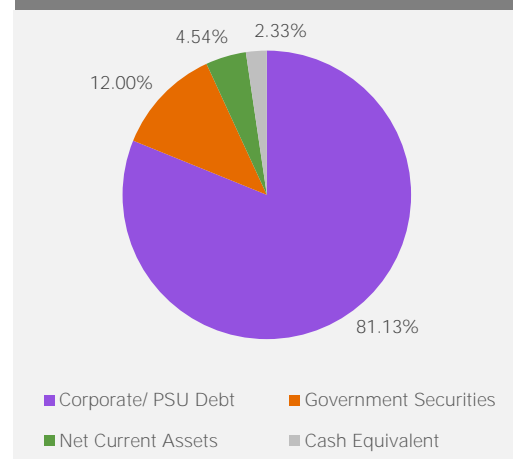
<sup>3</sup> AUM is as on 31 August 2023

## Portfolio

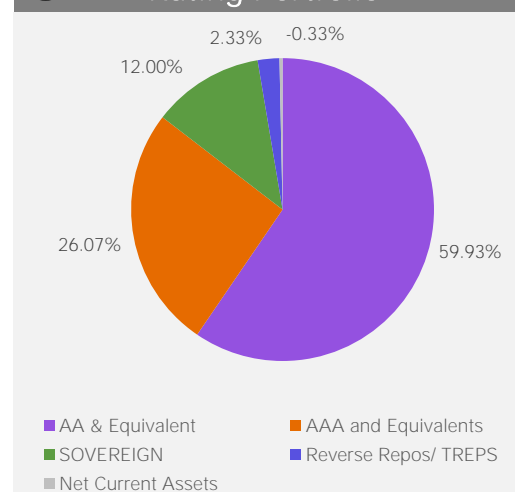
Issuer	Rating	% to Net Assets
<b>Corporate Bonds / Debentures</b>		<b>81.13%</b>
Small Industries Development Bank of India	CRISIL AAA	7.71%
Nuvoco Vistas Corp Limited	CRISIL AA	6.08%
Oriental Nagpur Betul Highway Limited (Nhai Annuity Receivables)	CRISIL AAA	5.64%
TVS Credit Services Limited	CRISIL AA	4.77%
HINDUJA LEYLAND FINANCE LIMITED	CRISIL AA	4.73%
Phoenix ARC Limited	CARE AA	4.72%
JSW Steel Limited	CARE AA	4.59%
DLF Cyber City Developers Limited	CRISIL AA	4.58%
TMF Holdings Limited	CRISIL AA	4.54%
Godrej Industries Limited	CRISIL AA	4.45%
Power Finance Corporation Limited	CRISIL AAA	4.41%
ONGC Petro Additions Limited (Letter of comfort from Oil & Natural Gas Corporation Limited)	ICRA AA / CRISIL AA	6.18%
PNB Housing Finance Limited	CRISIL AA	3.07%
Aadhar Housing Finance Limited	IND AA / ICRA AA	4.50%
Tata Motors Limited	ICRA AA	3.01%
Yarrow Infrastructure Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	2.34%
Tata power Company Limited	IND AA	1.59%
Godrej Housing Finance Limited	CRISIL AA	1.57%
Tata Housing Development Company Limited	CARE AA	1.55%
Vector Green Prayagraj Solar Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.37%
Malwa Solar Power Generation Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.32%
Sepset Constructions Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA	0.31%
Citra Real Estate Limited (Vector green energy sponsored co-obligor structure)	IND AAA (CE)	0.05%
Priapus Infrastructure Pvt Limited (Vector green energy sponsored co-obligor structure)	IND AAA	0.05%
<b>Government Securities</b>		<b>12.00%</b>
6.99% GOI 17APR26	SOVEREIGN	4.52%
7.26% GOI 06FEB33	SOVEREIGN	4.47%
7.38% GOI 20JUN2027	SOVEREIGN	3.01%
<b>Cash Equivalent</b>		<b>6.87%</b>
<b>TREPS*</b>		<b>2.33%</b>
<b>Net Current Assets:</b>		<b>4.54%</b>
<b>Total Net Assets as on 31-August-2023</b>		<b>100.00%</b>



## 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.

HSBC Credit Risk Fund (Erstwhile L&T Credit Risk Fund)		
<p>*Riskometer of the Scheme</p> <p>Investors understand that their principal will be at Moderate risk</p>	<p>Credit Risk Fund - 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><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Generation of regular returns and capital appreciation over medium to long term</li> <li>• Investment in debt instruments (including securitized debt), government and money market securities</li> </ul> <p><b>Benchmark Index: NIFTY Credit Risk Bond Index C-III</b></p>	<p>Riskometer of the benchmark</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 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 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 is not an indicator of future returns. Source: HSBC Mutual Fund, data as on 31 August 2023,

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