

## Product Note

### HSBC Ultra Short Duration Fund (HUDF)

Ultra Short Duration Fund - 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 (for details on Macaulay's Duration please refer to no. 9). A relatively Low interest rate risk and Moderate credit risk. (L&T Ultra Short Term Fund has merged into HSBC Ultra Short Duration Fund)

June 2023

Fund Category	Fund Manager	Benchmark <sup>1, 2</sup>	Inception Date	AUM
Ultra Short Duration	Mahesh Chhabria and Jalpan Shah	NIFTY Ultra Short Duration Debt Index B-I	30 Jan 2020	Rs. 2,366.43 Cr

Quantitative Data		Minimum Investment		
Average Maturity	5.28 Months	Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	4.93 Months	Exit Load / Entry Load		
Macaulay Duration	5.27 Months			
Yield to Maturity	7.17%	NIL		

### Why HSBC Ultra Short Duration Fund?

- The Fund would largely maintain high credit quality portfolio of securities with investment predominantly in securities that have high short term credit quality rating
- The security selection would be driven by investment team's view on credit spreads, liquidity and the risk reward assessment of each security
- The scheme would largely maintain high credit quality portfolio basis in-depth credit evaluation which includes financial position of the issuer, external credit ratings opinions, operational metrics, past track record as well as future prospects of the issuer

### Fund Strategy

- Investment predominantly in highly liquid money market instruments, government securities and corporate debt
- The fund typically has a relatively higher portfolio average maturity as compared to liquid/cash fund
- The scheme continues to focus on high credit quality securities (100% AAA portfolio) and a liquid portfolio
- System liquidity has gone back in surplus due to Government spending and overnight rates are now around 6.25%-6.50%
- Overall, we remain neutral to positive on duration across HSBC Ultra-Short as liquidity is surplus and rate hikes may be at best limited.
- The focus continues to be on the accrual returns in the portfolio.

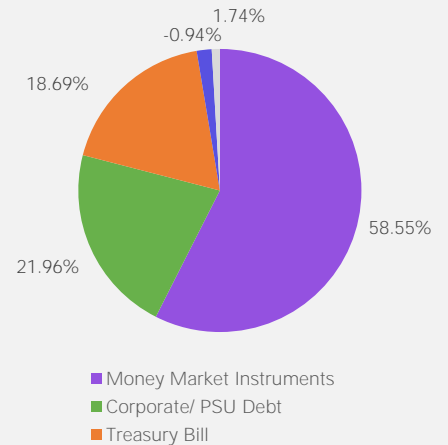
<sup>1</sup> SEBI vide its circular no. SEBI/HO/IMD/IMD-II/DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark 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 31 May 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>.

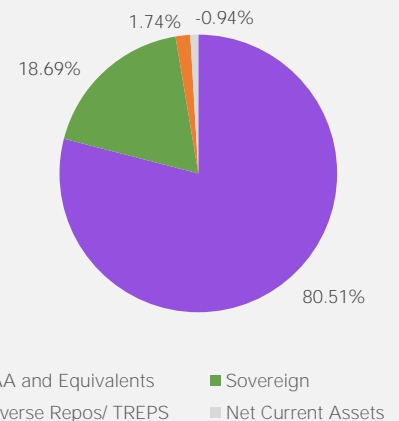
## Portfolio

Issuer	Rating	% to Net Assets
<b>Corporate Bonds / Debentures</b>		<b>21.96%</b>
HDB Financial Services Limited	CRISIL AAA	3.50%
Power Finance Corporation Limited	CRISIL AAA	2.25%
ICICI Bank Limited	CARE AAA	2.21%
LIC Housing Finance Limited	CRISIL AAA	2.18%
Kotak Mahindra Prime Limited	CRISIL AAA	2.17%
Housing Development Finance Corporation Limited	CRISIL AAA	2.17%
Bajaj Finance Limited	CRISIL AAA	2.12%
National Housing Bank	CRISIL AAA	2.12%
National Bank for Agriculture & Rural Development	ICRA AAA	2.12%
Bajaj Housing Finance Limited	CRISIL AAA	1.12%
<b>Money Market Instruments</b>		
Certificate of Deposit		42.75%
Axis Bank Limited	ICRA A1+/CRISIL A1+	6.16%
Kotak Mahindra Bank Limited	CRISIL A1+	6.09%
Small Industries Development Bank of India	CRISIL A1+/CARE AAA/CARE A1+	6.02%
HDFC Bank Limited	CARE A1+	5.05%
Bank of Baroda	IND A1+	4.09%
ICICI Bank Limited	ICRA A1+	4.06%
National Bank for Agriculture & Rural Development	ICRA A1+/IND A1+	4.01%
<b>State Bank of India</b>		<b>IND A1+</b>
Canara Bank	CRISIL A1+	2.08%
Export Import Bank of India	CRISIL A1+	2.08%
<b>Commercial Paper</b>		<b>15.80%</b>
Housing Development Finance Corporation Limited	CRISIL A1+	4.07%
LIC Housing Finance Limited	CRISIL A1+	3.46%
ICICI Securities Limited	CRISIL A1+	3.12%
Tata Capital Financial Services Limited	CRISIL A1+	3.11%
Small Industries Development Bank of India	CARE A1+	2.04%
<b>Treasury Bills</b>		<b>18.69%</b>
182 DAYS T-BILL 31AUG23	SOVEREIGN	6.23%
182 DAYS T-BILL 14SEP23	SOVEREIGN	6.22%
182 DAYS T-BILL 07SEP23	SOVEREIGN	4.15%
182 DAYS T-BILL 20JUL23	SOVEREIGN	2.09%
<b>Cash Equivalent</b>		<b>0.80%</b>
<b>TREPS</b>		<b>1.74%</b>
<b>Net Current Assets</b>		<b>-0.94%</b>
<b>Total Net Assets as on 31-May-2023</b>		<b>100.00%</b>

## Asset Allocation

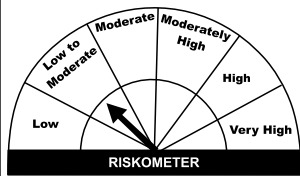
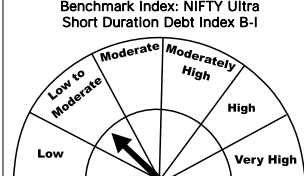


## Rating Portfolio



## Investment Objective

To provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved..

HSBC Ultra Short Duration Fund		
 <p>Investors understand that their principal will be at 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. Please refer Page No. 10 of the SID for explanation on Macaulay's duration. A relatively Low interest rate risk and Moderate 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 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>* 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 31 May 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><b>Benchmark Index: NIFTY Ultra Short Duration Debt Index B-I</b></p> 

### Potential Risk Class (HSBC Ultra Short Duration Fund)

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		B-I	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low 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 31 May 2023,

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