HSBC Mutual Fund

Product Note

HSBC Banking and PSU Debt Fund (HBPF) (Erstwhile L&T Banking and PSU Debt Fund)

Banking and PSU Fund - An open ended debt scheme predominantly investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.

September 2023

Fund Category	Fund Manager	Benchmark [1, 2]	Inception Date	AUM[3]
Banking and PSU Debt Fund	Mahesh Chhabria and Jalpan Shah	NIFTY Banking & PSU Debt Index	12 Sep 2012	Rs. 4556.35 Cr

Quantitative Data	
Average Maturity	2.63 year
Modified Duration	2.26 year
Macaulay Duration	2.40 year
Yield to Maturity	7.48%

Minimum Investment		
Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000

Why HSBC Banking and PSU Debt Fund?

- The scheme is ideally suited for investors seeking a high portfolio quality and targeting higher tax-adjusted returns compared to traditional investment options over a 3-year period
- The fund offers a prudent portfolio considering the risk appetite whilst seeking optimal returns
- Markets have seen a sharp rise in short to medium term yields over the last few months; the ~3-year point on the curve aims to offer value
- HSBC Banking and PSU Debt Fund is predominantly positioned in the ~3-year segment to seek benefit from this move

Fund Strategy

- The Fund follows a passive roll-down strategy
- The strategy offers flexibility of an open-ended structure
- Continues to maintain the high credit quality, with 100% of the portfolio in AAA or equivalent securities

Entry Load : NA, Exit Load: NIL

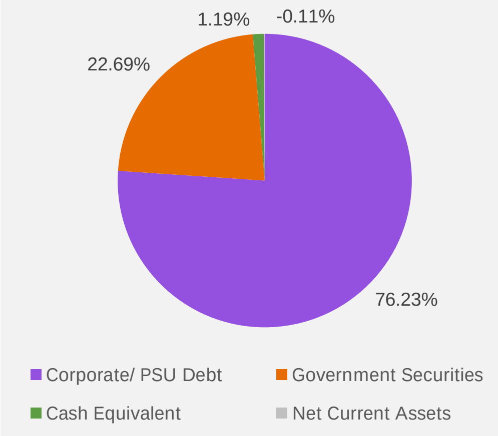
[1] As per clause 1.9 of the SEBI Master Circular dated May 19, 2023, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark effective from 01 December 2021. [2] Fund's benchmark has changed with effect from April 01, 2022. Data as on 31 August 2023
[3] AUM is as on 31 August 2023.

Portfolio

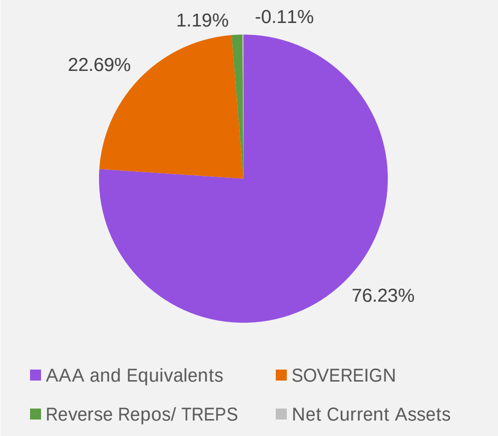
Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		**76.23%**
Small Industries Development Bank of India	ICRA AAA	9.53%
Power Finance Corporation Limited	CRISIL AAA	9.27%
Rec Limited	CRISIL AAA / CARE AAA	9.21%
NTPC Limited	CRISIL AAA	9.11%
National Bank for Agriculture & Rural Development	CRISIL AAA	9.07%
Indian Oil Corporation Limited	ICRA AAA / CRISIL AAA	7.20%
Indian Railway Finance Corporation Limited	CRISIL AAA / CARE AAA	7.06%
National Housing Bank	CRISIL AAA	5.00%
Export Import Bank of India	CRISIL AAA	4.87%
Axis Bank Limited	CRISIL AAA	2.29%
HDFC Bank Limited	CARE AAA	2.13%
Power Grid Corporation of India Limited	CRISIL AAA	1.37%
Kotak Mahindra Bank Limited	CRISIL AAA	0.12%
Government Securities		**22.69%**
7.38% GOI 20JUN2027	SOVEREIGN	10.09%
5.63% GOI 12APR2026	SOVEREIGN	6.49%
5.74% GOI 15NOV2026	SOVEREIGN	6.11%
Cash Equivalent		**1.08%**
TREPS*		**1.19%**
Net Current Assets:		**-0.11%**
Total Net Assets as on 31-August-2023		**100.00%**

*TREPS : Tri-Party Repo

Asset Allocation



Rating Portfolio



Ratings allocation in HBPF

Currently HBPF has invested ~76.23% in instruments (AAA and equivalent), while ~22.69% held in Sovereign.

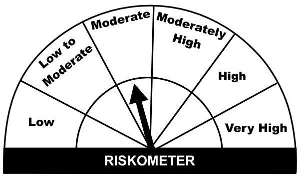
Source: HSBC Mutual Fund, data as on 31 August 2023,

Investment Objective

The investment objective of the Scheme is to generate reasonable returns by primarily investing in debt and money market securities that are issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions (PFIs) in India. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

HSBC Banking & PSU Debt Fund (Erstwhile L&T Banking and PSU Debt Fund)

***Riskometer of the Scheme**



Investors understand that their principal will be at Moderate risk

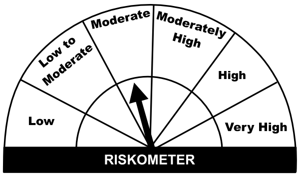
Banking and PSU Fund - An open ended debt scheme primarily investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.

This product is suitable for investors who are seeking*:

- **Generation of reasonable returns and liquidity over short term**
- **Investment predominantly in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions and municipal corporations in India.**
  (Benchmark : NIFTY Banking & PSU Debt Index)

Benchmark Index: NIFTY Banking & PSU Debt Index

Riskometer of the benchmark



* 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 Banking and PSU 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)	A-III		
A Scheme with Relatively High interest rate risk and Low 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

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