

HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund

Index Fund - An open-ended Target Maturity Index Fund tracking CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. Relatively High interest rate risk and Low credit risk.

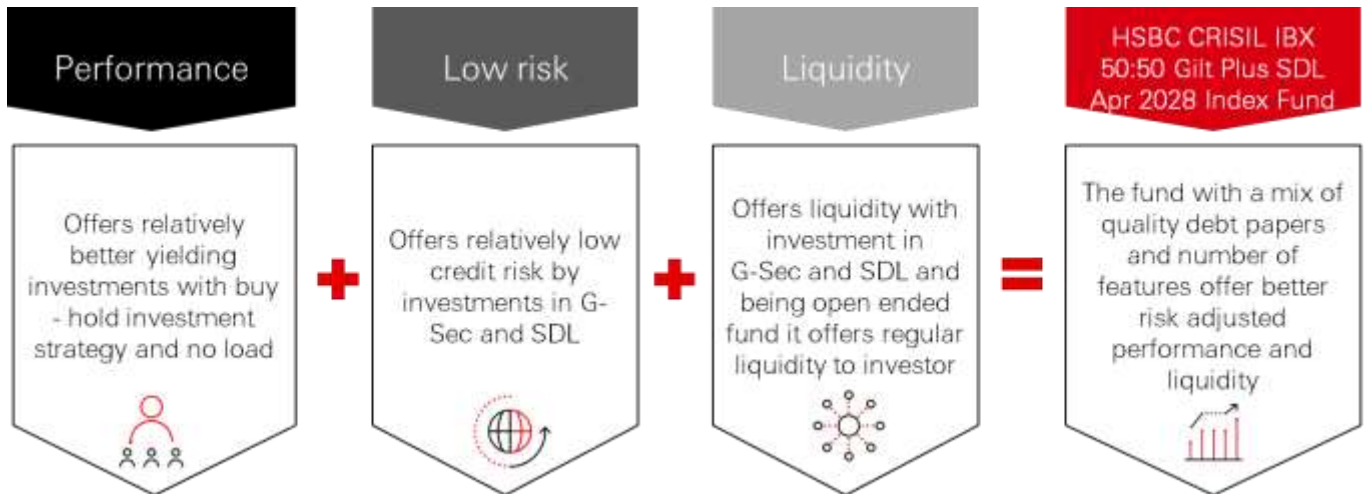
April 2023

Target Maturity Index Funds (TMIF)

The mandate of the target maturity fund is to invest in line with the index construction. At the 6 yr point of the curve, the carry remains attractive and roll-down presents an opportunity for the same over a 3 yr + time-frame. Further, the fund remains an attractive proposition for investors who intend to hold till maturity (April 2028), despite near term volatility.

HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund (HGSF)

The investment objective of the Scheme is to provide returns corresponding to the total returns of the securities as represented by the CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028 before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.



Why invest now in HGSF - HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund (HGSF)

- HGSF invests in the constituents of CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028
- The fund aims to track the index performance and aims to offer liquidity
- Invests in 50:50 proportion of quality G-Sec and SDL papers
- Offers relatively low credit risk by investments in G-Sec and SDL
- A roll down fund strategy to take benefits of better yields
- Regular liquidity with open ended nature of the fund and no exit load
- The fund focuses on 5-6 year point of the yield curve
- The roll down strategy can result in capital gains over medium term once interest rate cycle peaks out
- Hold to maturity with indexation benefit may offer better return profile vs bank deposits
- Attractive yield for 5-6 year offers adequate carry and roll down which could lead to lower volatility over medium term holding period versus longer duration bonds
- Offers tax benefits with 6 indexations

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Index Fund	Ritesh Jain and Kapil Lal Punjabi	CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index	31 March 2022	Rs. 2154.59 Cr

Quantitative Data	
Average Maturity	4.52 year
Modified Duration	3.65 year
Macaulay Duration [^]	3.79 year
Yield to Maturity ²	7.42%

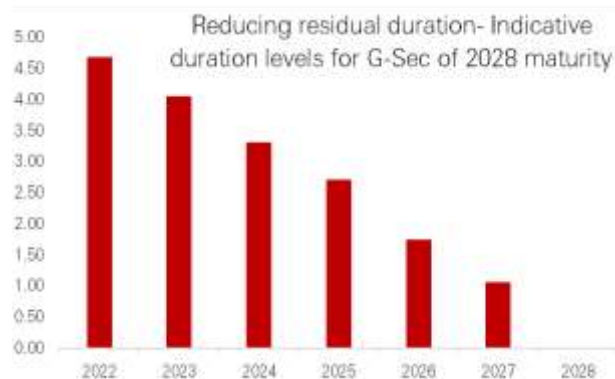
Minimum Investment		
Lumpsum	SIP	Additional Purchase
₹ 5,000	₹ 500	₹ 1,000
Exit Load / Entry Load		
NIL		

Fund Strategy

- The mandate of the target maturity fund is to invest in line with the index constituent's.
- The aim is to replicate underlying index minimizing the tracking error.
- Currently the allocation to G-sec is higher at ~ 55% seeking for an opportunity to align it with underlying composition at a relatively fair spread.

Roll-down strategy illustration

- Roll Down strategy is an accrual strategy
- Generally used in elevated rates environment
- Seek to earn only coupons/yield at regular intervals from its underlying portfolio by buying and holding security
- The average maturity of the scheme's portfolio, as a consequence, decreases with the passage of time
- Low- interest rate risk: The strategy avoid impact from the expected increase in interest rates over time
- It is useful for capturing higher present yield at any point of curve and gradually move towards shorter end of the curve which is less susceptible to interest rate risk



Why SDL?

- Credit Risk Similar to G-Sec
- Liquid instruments which trade above the G-Sec Curve
- Potential to deliver Market linked Returns

Why G-Sec?

- Gsecs issued by the government, safest investment option
- G-sec yields are currently better than FDs
- G-Sec segment offers better management of cash flows with better liquidity leading to lower impact cost

Source: HSBC Asset Management, Bloomberg, For illustration purpose only. Past performance may or may not be sustained in the future. Refer to the Roll down strategy as explained on page 3. ^^ Tax Free Bond - Rate of return assumed based on current select available PSU tax free bonds with ~5 year maturity, Taxable Bond - Rate of return assumed based on 5 year PSU Bond yield.

Table 2 - 1. assuming investments are made on 10 Oct 2022 and held till 30 April 2028. For Debt Index Fund (e.g. TMIF) - current 6 year benchmark Gsec (7.17 GS 2028) is used 2. Hypothetical fixed deposit rate assumed in case of Traditional Savings Scheme option. 3. Tax Rate considered 30% exclusive of applicable surcharges & cess in case of Traditional Savings Scheme. Debt Index Fund - Tax as per LTCG income tax provisions exclusive of applicable surcharges & cess, Expenses Assumed at 0.40% per annum only in case of TMIF, This computation is for resident individual investors. Cost inflation index assumed at 5%p.a. These are not to be considered for investment advice or guarantee of returns. Investors are advised to consult their Financial Advisor.

Table 1 - 1. Bond liquidity may vary due to dynamics of the debt markets, 2. Indexation available for LTCG, 3. Indexation available for LTCG in select bonds. Investors should consult financial advisors for ideal portfolio allocation and suitability of funds which may be based on the risk profile of the investor.

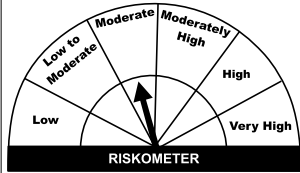
Portfolio

Issuer	Rating	% to Net Assets
Government Securities		99.55%
7.38% GOI 20JUN2027	SOVEREIGN	36.02%
GOI 06.79% 15MAY2027	SOVEREIGN	6.57%
8.05% GUJARAT SDL 31JAN2028	SOVEREIGN	5.54%
GOI 07.17% 08JAN28	SOVEREIGN	5.42%
8.05% TAMILNADU SDL 18APR2028	SOVEREIGN	5.17%
GOI 08.28% 21SEP27	SOVEREIGN	4.60%
7.88% MADHYA PRADESH 24JAN28 SDL	SOVEREIGN	4.07%
GOI 08.26% 02AUG2027	SOVEREIGN	3.90%
6.97% KARNATAKA 26FEB2028 SDL	SOVEREIGN	3.44%
6.97% MAHARASHTRA 18FEB2028 SDL	SOVEREIGN	2.53%
6.98% MAHARASHTRA 26FEB2028 SDL	SOVEREIGN	1.61%
8.43% TAMIL NADU SDL RED 07-MARCH-2028	SOVEREIGN	1.46%
8.00% SDL-KERALA M- 11-APR-2028	SOVEREIGN	1.23%
8.20% HARYANA 31JAN28 SDL	SOVEREIGN	1.21%
7.59% UTTARPRADESH 25 Oct 2027 SDL	SOVEREIGN	1.21%
7.86% RAJASTHAN SDL 27DEC2027	SOVEREIGN	1.21%
8.28% TAMILNADU SDL 14MAR2028	SOVEREIGN	1.20%
7.82% KARNATAKA 27Dec2027 SDL	SOVEREIGN	1.20%
7.69% KARNATAKA 20Dec27 SDL	SOVEREIGN	1.20%
7.92% UTTAR PRADESH 24JAN2028 SDL	SOVEREIGN	1.20%
7.77% ANDHRA PRADESH SDL RED 10-JAN-2028	SOVEREIGN	1.19%
8.14% HARYANA 27MAR28 SDL	SOVEREIGN	1.02%
8.28% TAMILNADU SDL 21Feb28	SOVEREIGN	0.97%
8.00% KARNATAKA SDL RED 17-JAN-2028	SOVEREIGN	0.96%
7.67% UTTARPRADESH M-29 Nov 2027 SDL	SOVEREIGN	0.96%
8.27% UTTARPRADESH SDL14MAR2028	SOVEREIGN	0.96%
8.14% SDL Uttarakhand 27Mar2028	SOVEREIGN	0.72%
7.59% Uttarakhand 25 Oct 2027 SDL	SOVEREIGN	0.48%
7.76% UTTARPRADESH 13 Dec 2027 SDL	SOVEREIGN	0.48%
8.03% KARNATAKA SDL 31JAN2028	SOVEREIGN	0.48%
7.50% TELANGANA SDL RED 15-APR-2028	SOVEREIGN	0.48%
8.15% CHHATTISGARH 27MAR28 SDL	SOVEREIGN	0.48%
07.76% Karnataka 13 DEC 2027 SDL	SOVEREIGN	0.24%
7.64% GUJARAT 08NOV27 SDL	SOVEREIGN	0.11%
7.64% KARNATAKA SDL RED 08-NOV-2027	SOVEREIGN	0.03%
Cash Equivalent		0.45%
TREPS*		16.72%
Net Current Assets		-16.27%
Total Net Assets as on 31-MARCH-2023		100.00%

*TREPS : Tri-Party Repo

An open-ended Target Maturity Index Fund tracking CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. Relatively high interest rate risk and relatively low credit risk.

HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund



Investors understand that their principal will be at Moderate risk

Index Fund - An open-ended Target Maturity Index Fund tracking CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. Relatively High interest rate risk and Low credit risk.

This product is suitable for investors who are seeking*:

- Income over target maturity period
- Investment in constituents similar to the composition of CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028

* 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 March 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

Benchmark Index: CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028



HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index 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)

AIII

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.

Source: HSBC Asset Management India, Bloomberg, For illustration purpose only. For complete details on the index refer to SID. Past performance may or may not sustained in the future

Note - Sonal Gupta shall be dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Disclaimer: CRISIL - Each CRISIL Index (including, for the avoidance of doubt, its values and constituents) published on the web site (www.crisil.com) or otherwise delivered to client by CRISIL Limited (hereinafter, "CRISIL") is the sole property of CRISIL. By viewing, accessing and/or otherwise using CRISIL Indices or any related information (together, "Material") the person doing so ("user") acknowledges and accepts as follows: The user understands that the Material is provided by way of general information. CRISIL makes no representation or warranty that the Material is appropriate or available for use at any location(s) outside India. Any access to the Materials from territories where such contents are illegal, is prohibited. The user may not use or export the Material in violation of any export and other laws or regulation. Where a user accesses the Material from a location outside India, the user is responsible for compliance with (and, if any, violation of) all local laws. The provision of the Material is not intended to create an adviser, broker/dealer, or consultant-client relationship between CRISIL and the user. CRISIL neither endorses nor solicits any business in respect the trading, purchase or sale of any of the securities or instruments that may be featured in the CRISIL Index. Any use of the Material other than user's own personal or individual non-commercial purpose, is subject to the user obtaining the prior written consent of (and payment of applicable charges to) CRISIL. Without limiting the foregoing, unless the user is specifically permitted by CRISIL in writing the user may not: (a) copy, transmit, combine with other information, recompile or redistribute any part of the Material in any manner; (b) commercially exploit any part of Material. Any unauthorized access and use of any part of the Material is illegal and may attract legal action as CRISIL may consider necessary. While CRISIL uses reasonable care in computing the CRISIL Indices and bases its calculation on data that it considers reliable, CRISIL makes no representations or warranties including that any CRISIL Index or other Material is error-free, complete, adequate, updated or fit for any particular purpose. Further, there may be errors in transmission of the information. The user takes the full responsibility for any use of CRISIL Indices. CRISIL does not accept any liability whatsoever (and expressly excludes all liability) arising from or relating to their use of any part of Material.

HSBC Asset Management

This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/ third party, believes to be reliable but which it has not been independently verified by HSBC/ the third party. Further, HSBC/ the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time. Expressions of opinion are those of HSBC only and are subject to change without any prior intimation or notice. 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 financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this report and should understand that the views regarding future prospects may or may not be realized.

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 Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India.

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.