

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.

June 2023

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM |
|---------------|--|------------------------------------|----------------|---------------|
| Credit Risk | Shriram Ramanathan and Kapil Lal Punjabi | NIFTY Credit Risk Bond Index C-III | 8 Oct 2009 | Rs. 136.14 Cr |

| Quantitative Data | |
|-------------------|------------|
| Average Maturity | 1.72 years |
| Modified Duration | 1.4 year |
| Macaulay Duration | 1.47 year |
| Yield to Maturity | 7.64% |

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

Why HSBC Credit Risk Fund?

- Fund follows an accrual-based, yield-enhancement strategy
- Low portfolio turnover to help generate returns through accrual
- Robust credit selection process to spot mispriced credit opportunities
- Investors comfortable with adding some credit risk to generate higher accrual while keeping interest rate risk low, could consider investing in this fund

Fund Strategy

- The fund offers a yield pick up over traditional bond funds and has the potential to deliver outperformance over the medium term
- Rigorous credit monitoring conducted by in-house credit research team
- To create a corpus through generating inflation-adjusted returns

¹ 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 ² 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 had 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>.

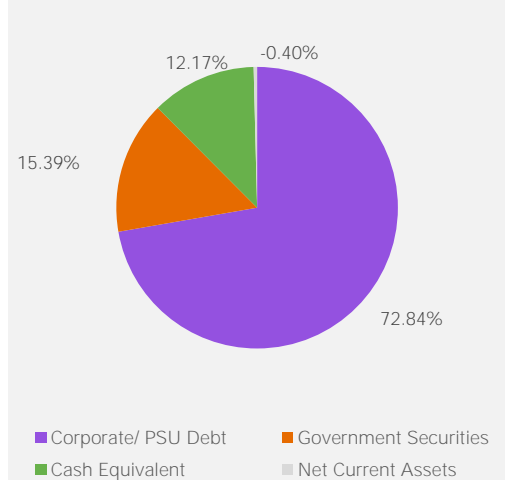
Portfolio

| Issuer | Rating | % to Net Assets |
|---|----------------|-----------------|
| Corporate Bonds / Debentures | | 72.84% |
| Tata Power Company Limited | IND AA | 8.12% |
| Tata Motors Limited | ICRA AA- | 7.77% |
| ONGC Petro Additions Limited | ICRA AA | 7.76% |
| Nuvoco Vistas Corp Limited | CRISIL AA | 7.70% |
| Aadhar Housing Finance Limited | CARE AA/IND AA | 7.57% |
| Manappuram Finance Limited | CRISIL AA | 7.46% |
| Godrej Industries Limited | CRISIL AA | 7.24% |
| Oriental Nagpur Betul Highway Limited | CRISIL AAA | 6.27% |
| Godrej Housing Finance Limited | CRISIL AA | 3.84% |
| Tata Housing Development Company Limited | CARE AA | 3.80% |
| Yarrow Infrastructure Pvt Limited | IND AAA (CE) | 2.54% |
| Vector Green Prayagraj Solar Pvt Limited | IND AAA (CE) | 0.94% |
| Sepset Constructions Pvt Limited | IND AAA | 0.79% |
| Malwa Solar Power Generation Pvt Limited | IND AAA (CE) | 0.79% |
| Priapus Infrastructure Pvt Limited | IND AAA | 0.13% |
| Citra Real Estate Limited | IND AAA (CE) | 0.12% |
| Government Securities | | 15.39% |
| 7.38% GOI 20JUN2027 | SOVEREIGN | 11.56% |
| 7.26% GOVERNMENT OF INDIA 06FEB33 | SOVEREIGN | 3.83% |
| Cash Equivalent | | 11.77% |
| TREPS | | 12.17% |
| Net Current Assets | | -0.40% |
| Total Net Assets as on 31-May-2023 | | 100.00% |

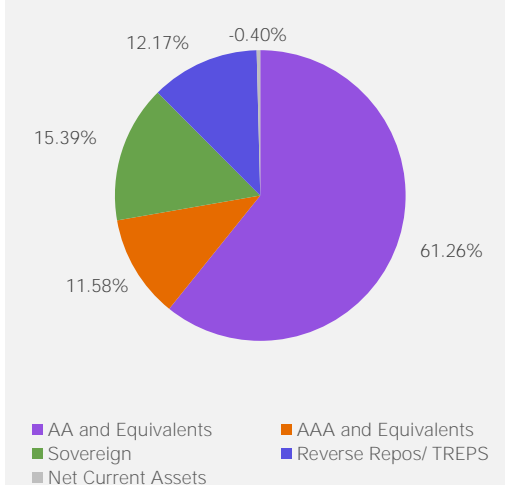
*TREPS : Tri-Party Repo



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</p> <p>Investors understand that their principal will be at Moderately High 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>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Generation of regular returns and capital appreciation over medium to long term • Investment in debt instruments (including securitized debt), government and money market securities <p>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> <p>Note on Risk-o-meters: 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>Benchmark Index: NIFTY Credit Risk Bond Index C-III</p>  <p>RISKOMETER</p> |

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. | | | |

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.