HSBC CRISIL IBX Gilt June 2027 Index Fund

Index Fund - An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.

May 2023

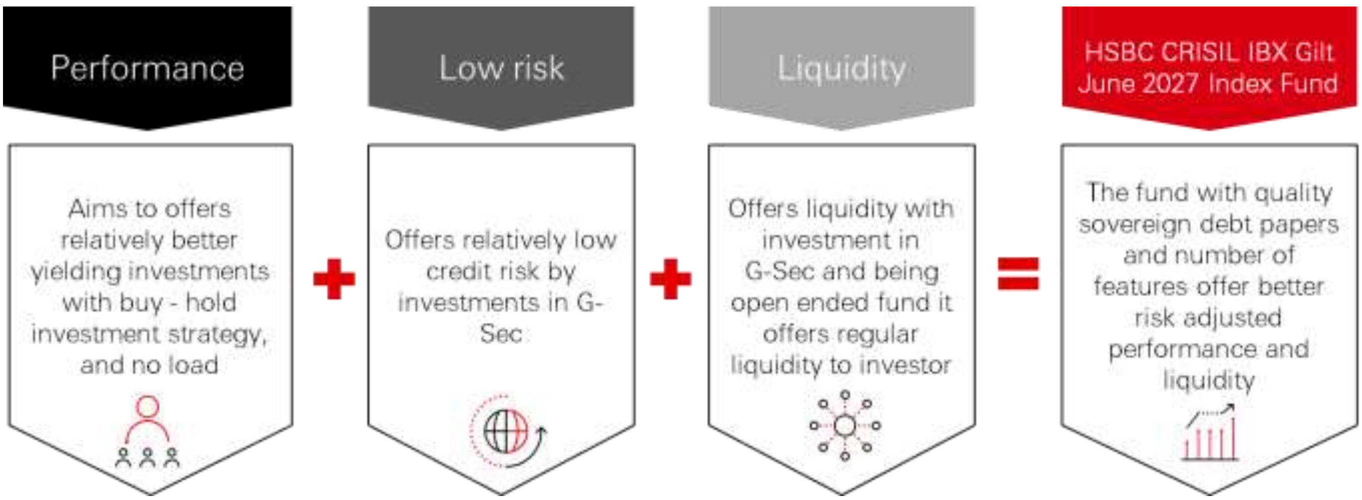
Target Maturity Index Funds (TMIF)

Funds that aim for better risk adjusted performance

- Target Maturity Index Funds (TMIF) are open-ended debt funds which track predefined fixed income index
- The index typically has a mix of quality debt papers such as Gilts (Government Securities), SDL, PSUs, T-Bills and Other bonds.
- Fund Manager buy securities (represented by index) whose maturities are within the defined maturity date of the index and aims hold them to maturity
- TMIF portfolio aims to replicate a predefined index and designed to end (mature) at a predefined date

HSBC CRISIL IBX Gilt June 2027 Index Fund (HGIF)

The investment objective of the Scheme is to provide returns corresponding to the total returns of the securities as represented by the CRISIL-IBX Gilt Index - June 2027 before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.



Why invest in HSBC CRISIL IBX Gilt June 2027 Index Fund?

Tracks index performance

- HSBC CRISIL IBX Gilt June 2027 Index Fund (HGIF - Target Maturity Index Fund) replicates CRISIL-IBX Gilt Index – June 2027
- The fund aims to track the index performance and offer liquidity
- Invests in sovereign G-Sec papers, as per the index
- The fund focuses on 4 - 5 year point of the yield curve which offers adequate carry

Performance and Liquidity

- A roll down fund strategy to take benefits of better yields
- The roll down strategy can result in capital gains over medium term once interest rate cycle peaks out
- Attractive yield for 4.5 year offers adequate carry and roll down which could lead to lower volatility over medium term
- Regular liquidity with open ended nature of the fund and no exit load
- Hold to maturity with indexation benefit may offer better return profile vs bank deposits

Low risk

- Offers relatively low credit risk by investments in G-Sec

Fund Category	Fund Manager	Benchmark [1]	Inception Date	AUM
Index Fund	Ritesh Jain and Kapil Lal Punjabi	CRISIL-IBX Gilt Index - June 2027	23 March 2023	Rs. 243.27 Cr

Quantitative Data	
Average Maturity	4.03 years
Modified Duration	3.31 years
Macaulay Duration^	3.43 years
Yield to Maturity [2]	7.30%

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

Exit Load / Entry Load
NIL

Fund Strategy

- The mandate of the target maturity fund is to invest in line with the index construction
- The 4 – 5 year (2027) point in the yield curve remains attractive from a carry stand point and should benefit from a roll-down over a 2 - 3 year timeframe
- Yields are almost flat with very low spread on the yield curve. Currently, YTM for 2027 segment is only around 10 to 20 bps lower vs 2033 segment making it attractive in terms of risk to reward
- Further, the fund remains an attractive proposition from Post-tax return perspective for investors versus comparison to Tax-free bonds (after adjusting for taxation), who intend to hold beyond 3-years+ and till maturity (June 2027), despite any near term volatility

HGIF remains attractive from post-tax return perspective
for investments of 3-years+ **to maturity (Jun '27)**

Capture the right opportunity to meet your financial goals

	Target Maturity Funds	Active Debt Funds	Bond
Liquidity	Yes	Yes	No[1]
Diversification	Yes	Yes	No
Professional Management	Yes	Yes	No
Defined Maturity	Yes	No	Yes

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. Tax Free Bond - Rate of return assumed based on select tax free bonds,

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.

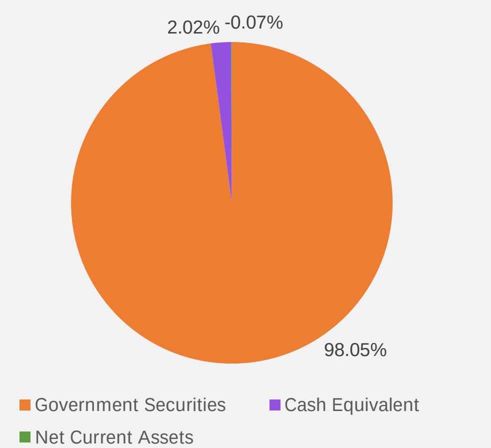
Table 2 - The above calculations are only for illustration purposes only. Source: HSBC Mutual Fund, Data as on 16 Feb 2023. 1. assuming investments are made on 20 March 2023 and held beyond 1 June 2027. For Debt Index Fund (e.g. TMIF) - current 4.5 year benchmark Gsec (7.38 GS 2027) is used 2. Prevailing SBI 5 year fixed deposit rate used in case of Traditional Savings Scheme option. 3. Tax Rate considered 31.2% 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 0.20% 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. Past performance may or may not be sustained in the future.

Portfolio

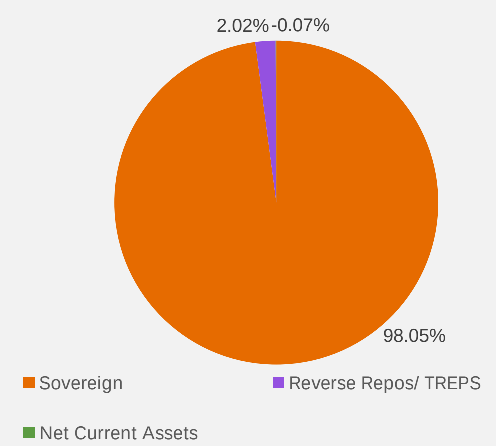
Issuer	Rating	% to Net Assets
Government Securities		98.05%
7.38% GOI 20JUN2027	SOVEREIGN	79.20%
GOI 08.24% 15FEB27	SOVEREIGN	9.57%
GOI 06.79% 15MAY2027	SOVEREIGN	9.28%
Cash Equivalent		1.95%
TREPS*		2.02%
Net Current Assets		-0.07%
Total Net Assets as on 30-APRIL-2023		100.00%

*TREPS : Tri-Party Repo

Asset Allocation



Rating Portfolio



Summary

HSBC CRISIL IBX Gilt June 2027 Index Fund (HGIF)

HGIF aims to track the index performance while offering safety and liquidity

Aims to offers safety with relatively low credit risk by investments in G-Sec

HGIF aims to focus on the 4 – 5 year (2027) point in the yield curve which remains attractive from a carry stand point and should benefit from a roll-down over a 2 - 3 year timeframe

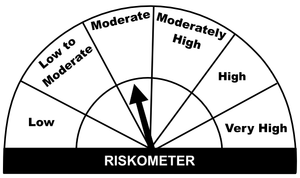
The fund with a quality sovereign debt papers offer better risk adjusted performance and liquidity

1. YTM Based on invested Amount *TREPS : Tri-Party Repo, Data as at 30 April 2023

Source – HSBC Mutual Fund, SID of HSBC CRISIL-IBX Gilt Index - June 2027 Index Fund

The above investment list is not exhaustive, please refer to the HSBC CRISIL IBX Gilt June 2027 Index Fund SID for more details

HSBC CRISIL IBX Gilt June 2027 Index Fund



Investors understand that their principal will be at Moderate risk

HSBC CRISIL IBX Gilt June 2027 Index Fund An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.

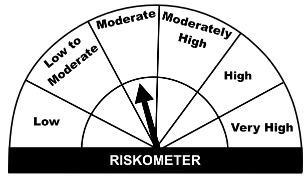
This product is suitable for investors who are seeking*:

- Income over target maturity period
- Investments in Government Securities and Tbills^

* 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 30 April 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 CRISIL-IBX Gilt Index - June 2027



^ Returns and risk commensurate with CRISIL-IBX Gilt Index - June 2027, subject to tracking errors.
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

HSBC CRISIL IBX Gilt Jun 2027 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.			

Product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made. 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.

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