

Product Note

HSBC Medium Duration Fund (HMDF)

Medium Duration Fund - An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (for details on Macaulay's Duration please refer to the SID). A relatively high interest rate risk and moderate credit risk.

October 2023

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM ³ & |
|----------------------|--|--|----------------|--------------------|
| Medium Duration Fund | Shriram Ramanathan and Kapil Lal Punjabi | NIFTY Medium Duration Debt Index B-III | 2 Feb 2015 | Rs. 688.46 Cr |

| Quantitative Data | | Minimum Investment | | |
|-------------------|-----------|--------------------|-------|---------------------|
| Average Maturity | 5.03 year | Lumpsum | SIP | Additional Purchase |
| Modified Duration | 3.22 year | ₹ 5,000 | ₹ 500 | ₹ 1,000 |
| Macaulay Duration | 3.37 year | | | |
| Yield to Maturity | 7.95% | | | |

Why HSBC Medium Duration Fund?

- Aims to create alpha by identifying pockets of value propositions, vis-à-vis yield curve steepness, attractive carry opportunities, elevated credit spreads, etc.
- Rigorous credit selection process to ensure good portfolio quality
- Aim to demonstrate ability to strategically manage Duration in periods of volatile interest rates
- With interest rates consolidating at a higher level, a strategy combining a prudent mix of strategic Duration calls and Accrual product is well suited for investors with 3 year horizon

Fund Strategy

- Major allocation of the portfolio in AAA or equivalent securities; Nil exposure to AA- and below rated names
- Remaining portfolio exposure to Cash and G-Sec
- Opportunistically evaluate deals with good yield pick up
- Strategic duration management in an Accrual product

Entry Load*: Not Applicable, Exit Load: NIL, * In terms of 10.4.1.a. of SEBI Master Circular on Mutual Funds dated May 19, 2023, no entry load will be charged to the investor effective August 1, 2009.

Month End Total Expenses Ratios (Annualized)⁴ – Regular⁵: 1.10%, Direct: 0.40%

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.

³ AUM is as on 30 September 2023

⁴ TER Annualized TER including GST on Investment Management Fees

⁵ Continuing plans

&For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library/#&accordion1446811090=4>

Note: The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s).

Source – HSBC Mutual Fund, Data as of 30 September 2023. Past performance may or may not be sustained in the future and is not indicative of future results.

Portfolio

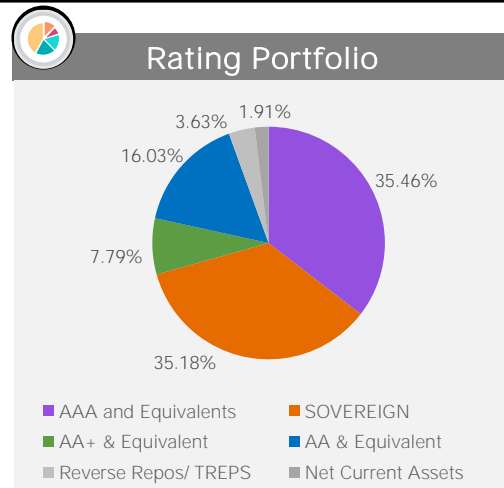
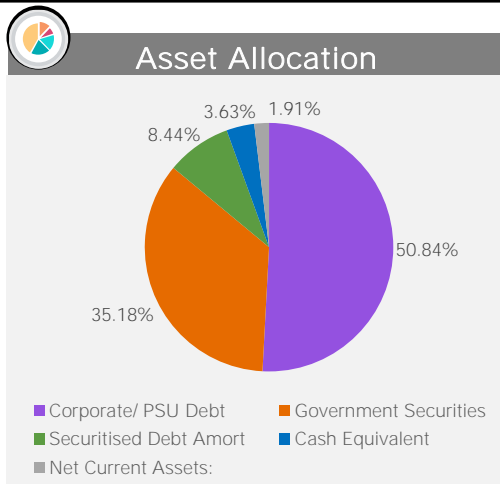
| Issuer | Rating | % to Net Assets |
|--|----------------|-----------------|
| Corporate Bonds / Debentures | | 50.84% |
| ONGC Petro Additions Limited (Letter of comfort from Oil & Natural Gas Corporation Limited) | ICRA AAA (CE) | 7.38% |
| Oriental Nagpur Betul Highway Limited (Nhai Annuity Receivables) | CRISIL AAA | 4.33% |
| Hinduja Leyland Finance Limited | CRISIL AA | 3.91% |
| Bharti Telecom Limited | CRISIL AA+ | 3.89% |
| National Bank for Agriculture & Rural Development | CRISIL AAA | 3.82% |
| LIC Housing Finance Limited | CRISIL AAA | 3.72% |
| Aadhar Housing Finance Limited | IND AA | 2.99% |
| PNB Housing Finance Limited | ICRA AA | 2.92% |
| NIIF Infrastructure Finance Limited | ICRA AAA | 2.56% |
| Patel Knr Heavy Infrastructures Limited (Nhai Annuity Receivables) | CARE AA+ | 2.41% |
| Yarrow Infrastructure Pvt Limited (Vector green co-obligor structure-Sembcorp/Temasek owned) | IND AAA (CE) | 1.95% |
| Phoenix ARC Limited (Kotak Group Entity) | CARE AA | 1.75% |
| DLF Cyber City Developers Limited | CRISIL AA | 1.51% |
| TMF Holdings Limited | CRISIL AA | 1.50% |
| Cholamandalam Investment & Finance Company Limited | ICRA AA+ | 1.49% |
| TVS Credit Services Limited | CRISIL AA | 1.45% |
| Vector Green Prayagraj Solar Pvt Limited (Vector green co-obligor structure-Sembcorp/Temasek owned) | IND AAA (CE) | 0.72% |
| Embassy Office Parks REIT | CRISIL AAA | 0.72% |
| Malwa Solar Power Generation Pvt Limited (Vector green co-obligor structure-Sembcorp/Temasek owned) | IND AAA (CE) | 0.61% |
| Sepset Constructions Pvt Limited (Vector green co-obligor structure-Sembcorp/Temasek owned) | IND AAA (CE) | 0.60% |
| Power Finance Corporation Limited | CRISIL AAA | 0.43% |
| Citra Real Estate Limited (Vector green co-obligor structure- Sembcorp/Temasek owned) | IND AAA (CE) | 0.09% |
| Priapus Infrastructure Pvt Limited (Vector green co-obligor structure-Sembcorp/Temasek owned) | IND AAA (CE) | 0.09% |
| Securitised Debt Amort | | 8.44% |
| First Business Receivables Trust (Backed by receivables from Reliance Industries, Reliance Retail, Reliance Jio) | CRISIL AAA(SO) | 8.44% |
| Government Securities | | 35.18% |
| 7.26% GOI 06FEB33 | SOVEREIGN | 11.76% |
| 7.18% GOI 14AUG2033 GSEC | SOVEREIGN | 8.78% |
| 7.18% GOI 24-Jul-2037 | SOVEREIGN | 7.27% |
| GOI FRB - 22SEP33 | SOVEREIGN | 3.71% |
| 7.26% GOI 22AUG2032 | SOVEREIGN | 3.66% |
| Cash Equivalent | | 5.54% |
| TREPS* | | 3.63% |
| Net Current Assets: | | 1.91% |
| Total Net Assets as on 30-September-2023 | | 100.00% |

*TREPS : Tri-Party Repo

Source: HSBC Mutual Fund, data as on 30 September 2023 =

Note : Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

PUBLIC



Fund Manager - Shriram Ramanathan Effective 02 Feb 2015. Total Schemes Managed - 11
Fund Manager - Kapil Lal Punjabi Effective 26 Nov 2022. Total Schemes Managed - 10

| Lump Sum Investment Performance | | | | | | | | | Inception Date |
|---|--------------|---------------|--------------|---------------|--------------|---------------|-----------------|---------------|----------------|
| Fund / Benchmark (Value of Rs 10,000 invested) | 1 Year | | 3 Years | | 5 Years | | Since Inception | | |
| | Amount in Rs | PTP Returns % | Amount in Rs | PTP Returns % | Amount in Rs | PTP Returns % | Amount in Rs | PTP Returns % | |
| HSBC Medium Duration Fund - Regular Plan | 10711 | 7.13 | 11731 | 5.47 | 13627 | 6.38 | 17728 | 6.83 | 02-Feb-15 |
| Scheme Benchmark (NIFTY Medium Duration Debt Index B-III) | 10818 | 8.20 | 12166 | 6.76 | 14733 | 8.05 | 18947 | 7.66 | |
| Additional Benchmark (CRISIL 10 year Gilt Index) | 10807 | 8.10 | 11014 | 3.27 | 13805 | 6.65 | 16659 | 6.07 | |

PTP returns – Point to Point returns. | Past performance may or may not be sustained in the future and is not indicative of future results. The performance details provided herein are of Regular Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of September 2023 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan.

As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023, the scheme returns vis-a-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

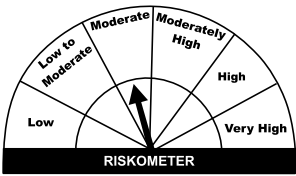

Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 13.4 of the SEBI Master Circular dated May 19, 2023, on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes.

Source: HSBC Mutual Fund, data as on 30 September 2023

[Click here](#) to check other funds performance managed by the Fund Manager

Note : Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

Product Label

| Scheme name and Type of scheme | Scheme Risk-o-meter | Benchmark Risk-o-meter |
|---|--|--|
| <p>HSBC Medium Duration Fund</p> <p>Medium Duration Fund - An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (for details on Macaulay's Duration please refer to the SID under the section "Asset Allocation Pattern"). A relatively high interest rate risk and moderate credit risk.</p> <p>This product is suitable for Investors who are seeking*:</p> <ul style="list-style-type: none"> • Generation of income over medium term • Investment primarily in debt and money market securities |  <p>Investors understand that their principal will be at Moderate risk</p> | <p>Benchmark : NIFTY Medium Duration Debt Index B-III</p>  |

* 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 September 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 Medium Duration 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) | | B-III | |
| A Scheme with Relatively High interest rate risk and Moderate 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 may or may not be sustained in the future and is not indicative of future results. Source: HSBC Mutual Fund, data as on 30 September 2023

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