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.

April 2023

Fund Category	Fund Manager	Benchmark [1, 2]	Inception Date	AUM
Banking and PSU Debt Fund	Mahesh Chhabria and Jalpan Shah	NIFTY Banking & PSU Debt Index	12 Sep 2012	Rs. 4702.54 Cr

Quantitative Data	
Average Maturity	2.95 year
Modified Duration	2.49 year
Macaulay Duration	2.64 year
Yield to Maturity	7.48%

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

Why HSBC Banking and PSU Debt Fund?

- The scheme is ideally suited for investors seeking a very 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 offers good value
- HSBC Banking and PSU Debt Fund is predominantly positioned in the ~3 year segment to benefit from this move

Fund Strategy

- The Fund follows a passive roll-down strategy targeting Jan-Mar 2026 maturity, with majority of the securities in a +/- 1 year band of the target maturity
- The strategy offers best of both worlds – predictability of a close ended FMP and flexibility of an open-ended structure
- Continues to maintain the highest credit quality, with 100% of the portfolio in AAA or equivalent securities

[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 on Jan '23. Data as on 31 Mar 2023

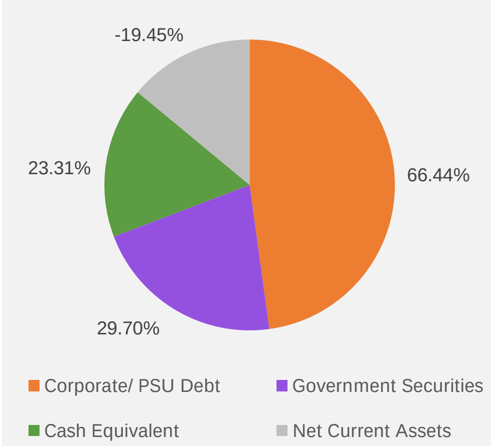
The fund had changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund.

Portfolio

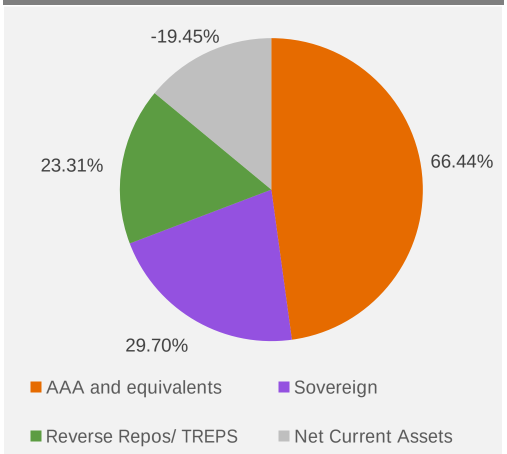
Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		66.44%
Power Finance Corporation Limited	CRISIL AAA	8.87%
National Bank for Agriculture & Rural Development	CRISIL AAA/ICRA AAA	8.61%
Small Industries Development Bank of India	CARE AAA/ICRA AAA	8.64%
Rec Limited	CARE AAA/CRISIL AAA	8.60%
Export Import Bank of India	CRISIL AAA	5.57%
Indian Oil Corporation Limited	CRISIL AAA/ICRA AAA	7.27%
Indian Railway Finance Corporation Limited	CRISIL AAA/CARE AAA	5.07%
Power Grid Corporation of India Limited	CRISIL AAA	3.10%
Housing and Urban Development Corporation Limited	ICRA AAA	2.37%
National Housing Bank	CRISIL AAA	2.27%
Axis Bank Limited	CRISIL AAA	2.14%
HDFC Bank Limited	CARE AAA	2.01%
NTPC Limited	CRISIL AAA	1.75%
Kotak Mahindra Bank Limited	CRISIL AAA	0.11%
Housing Development Finance Corporation Limited	CRISIL AAA	0.06%
Government Securities		29.70%
7.38% GOI 20JUN2027	SOVEREIGN	17.49%
5.63% GOI 12APR2026	SOVEREIGN	6.29%
5.74% GOI 15NOV2026	SOVEREIGN	5.92%
Cash Equivalent		3.86%
TREPS*		23.31%
Net Current Assets		-19.45%
Total Net Assets as on 31-MARCH-2023		100.00%

*TREPS : Tri-Party Repo

Asset Allocation



Rating Portfolio



Ratings allocation in HBPF

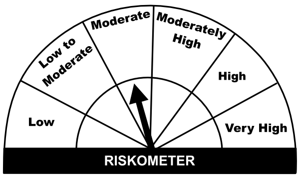
Currently HBPF has invested ~66.44% in instruments (AAA and equivalent), while ~29.70% held in Sovereign.

Source: HSBC Asset Management India, data as at 31 Mar 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)



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.

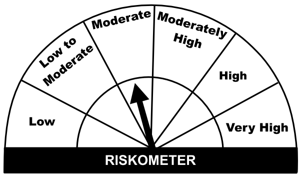
This product is suitable for investors who are seeking*:

- 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

* 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: NIFTY Banking & PSU Debt Index



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.			

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 Mar 2023,

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