

Product Note

HSBC Medium to Long Duration Fund (HMLF) (Erstwhile HSBC Debt Fund)

Medium to Long Duration Fund - An open-ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years (for details on Macaulay's Duration please refer to no. 9). A relatively high interest rate risk and moderate credit risk.

June 2023

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM |
|----------------------------|---------------------------------------|--|----------------|--------------|
| Medium to Long Duration | Jalpan Shah and Shriram Ramanathan | NIFTY Medium to Long Duration Debt Index B-III | 10 Dec 2002 | Rs. 43.26 Cr |

| Quantitative Data | | 1 | Minimum Inve | stment |
|---|-------------------------------------|------------------------|--------------|----------------------------------|
| Average Maturity Modified Duration Macaulay Duration [^] | 6.27 year 4.71 year 4.89 year | Lumpsum ₹ 10,000 | SIP ₹ 500 | Additional Purchase ₹1,000 |
| Yield to Maturity | 7.09% | Exit Load / Entry Load | | |
| | | NIL | | |

Why HSBC Medium to Long Duration Fund?

- Investing in instruments such that the Macaulay Duration of the portfolio is between 4 years to 7 years
- In the current scenario where interest rates are nearing the peak in this cycle, there are opportunities to capture alpha through strategic overweight duration in this fund.

Fund Strategy

- Actively managed fund investing across the yield curve in Govt. Securities and high quality AAA rated credits to generate alpha. The portfolio Macaulay duration of the portfolio is above 4 years
- Dynamic duration management to seize potential upsides when interest rates are expected to soften while also reducing risks in an uncertain environment
- The entire portfolio is invested in Gsecs as corporate bonds spreads in > 5 year bonds over Gsecs are very low.
- Investments in a highly liquid portfolio so as to enable positioning changes based on evolving market scenario.
- Overweight duration through higher allocation in 5-7 year part of the yield curve.

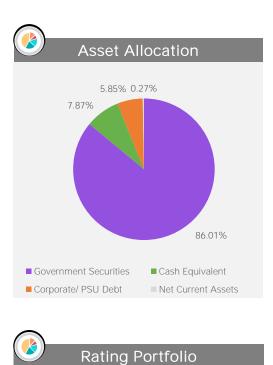
¹ SEBI vide its circular no. SEBI/HO/IMD/IMD/II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified 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. Data as on 31 May 2023

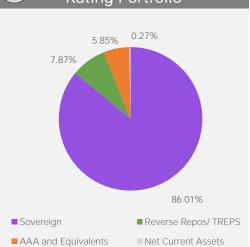
The fund had changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund.

Portfolio

| Issuer | Rating | % to Net Assets |
|--|------------|--------------------|
| Corporate Bonds / Debentures | | 5.85% |
| Housing Development Finance Corporation Limited | CRISIL AAA | 5.85% |
| Government Securities | | 86.01% |
| 7.38% GOI 20JUN2027 | SOVEREIGN | 19.40% |
| 7.26% GOVERNMENT OF INDIA 06FEB33 | SOVEREIGN | 12.04% |
| 07.26% GS 2029 | SOVEREIGN | 12.01% |
| 7.26% GOI 22AUG2032 | SOVEREIGN | 11.96% |
| 7.17% GOVERNMENT OF INDIA 17APR30 | SOVEREIGN | 11.77% |
| 7.10% GOVERNMENT OF INDIA 18APR29 | SOVEREIGN | 11.72% |
| 7.76% MAHARASHTRA 04Oct2030 SDL | SOVEREIGN | 5.98% |
| 5.63% GOI 12APR2026 | SOVEREIGN | 1.13% |
| Cash Equivalent | | 8.14% |
| TREPS | | 7.87% |
| Net Current Assets | | 0.27% |
| Total Net Assets as on 31-May-2023 | | 100.00% |

*TREPS : Tri-Party Repo





Investment Objective

To provide a reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 4 years to 7 years.

| | Medium to Long Duration Fund - An open ended medium to long term debt scheme investing in | Benchmark Index: NIFTY Medium |
|--|--|-----------------------------------|
| Noderate Moderater High High Low RISKOMETER Investors understand that their principal will be at Moderate risk | instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years (for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern"). Relatively high interest rate risk and moderate credit risk. | to Long Duration Debt Index B-III |
| | This product is suitable for investors who are seeking*: | Low to High |
| | Regular income over medium term | |
| | Investment in diversified portfolio of fixed income securities such that the Macaulay^ duration of the portfolio is between 4 year to 7 years | Low Very H RISKOMETER |
| | * 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 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 | |

| Potential Risk Class (HSBC Medium to Long Duration Fund) | | | | | |
|--|--------------------------|--------------------|-----------------|--|--|
| Credit Risk → | | | Relatively High | | |
| Interest Rate Risk ↓ | Relatively Low (Class A) | Moderate (Class B) | (Class C) | | |
| 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. | | | | | |

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

Past performance may or may not be sustained in the future. 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.