

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		Minimum Investment		
Average Maturity	6.27 year	Lumpsum ₹ 10,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	4.71 year	Exit Load / Entry Load		
Macaulay Duration [^]	4.89 year			
Yield to Maturity	7.09%	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/MD/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

Asset Allocation



Government Securities 86.01%
Cash Equivalent 8.14%
Corporate/ PSU Debt 5.85%
Net Current Assets 0.27%

Rating Portfolio



Sovereign 86.01%
Reverse Repos/ TREPS 7.87%
AAA and Equivalents 5.85%
Net Current Assets 0.27%

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.

HSBC Medium to Long Duration Fund (Erstwhile HSBC Debt Fund)		
 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Moderate risk</p>	<p>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 SID under the section "Asset Allocation Pattern"). 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">• 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 <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 Medium to Long Duration Debt Index B-III</p>  <p>RISKOMETER</p>

Potential Risk Class (HSBC Medium to Long 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.			

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.