

Product Note

HSBC Ultra Short Duration Fund (HUTF)

Ultra Short Duration Fund - An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months (for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern"). A relatively Low interest rate risk and Moderate credit risk.

(L&T Ultra Short Term Fund has merged into HSBC Ultra Short Duration Fund)

January 2023

Fund Category	Fund Manager	Benchmark ^{1, 2}	Inception Date	AUM
Ultra Short Duration	Mahesh Chhabria and Jalpan Shah	NIFTY Ultra Short Duration Debt Index B-I	30 Jan 2020	Rs. 2371.95 Cr

Quantitative Data		Minimum Investment		
Average Maturity	4.37 Months	Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	4.31 Months	Exit Load / Entry Load		
Macaulay Duration	4.36 Months			
Yield to Maturity	6.99%	NIL		

Fund Strategy

- Investment predominantly in highly liquid money market instruments, government securities and corporate debt
- The fund typically has a relatively higher portfolio average maturity as compared to liquid/cash fund
- The scheme continues to focus on high credit quality securities (100% AAA portfolio) and a liquid portfolio
- System liquidity has moderated significantly and overnight rates are now around 6.00%-6.25%
- Overall, we remain neutral on duration across HSBC Ultra-Short as markets re-price yield curve given RBI's rate hiking cycle.
- The focus continues to be on the accrual returns in the portfolio.

Why HSBC Ultra Short Duration Fund?

- The Fund would largely maintain high credit quality portfolio of securities with investment predominantly in securities that have high short term credit quality rating
- The security selection would be driven by investment team's view on credit spreads, liquidity and the risk reward assessment of each security
- The scheme would largely maintain high credit quality portfolio basis in-depth credit evaluation which includes financial position of the issuer, external credit ratings opinions, operational metrics, past track record as well as future prospects of the issuer

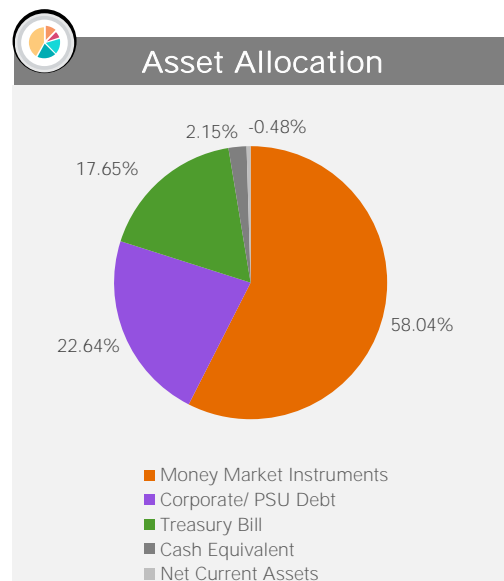
¹ SEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified 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 Dec 2022

The fund has undergone merger/consolidation along with 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>.

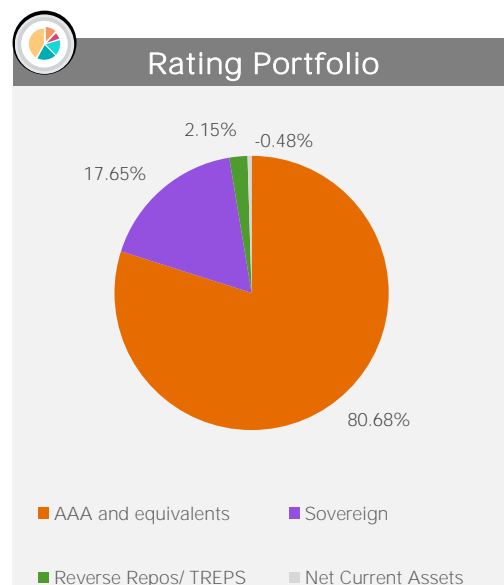
Portfolio

Issuer	Rating	% to Net Assets
Corporate/ PSU Debt		
Corporate Bonds / Debentures		22.64%
Reliance Industries Limited	CRISIL AAA	7.73%
Power Finance Corporation Limited	CRISIL AAA	5.24%
Power Grid Corporation of India Limited	CRISIL AAA	3.17%
L & T Finance Ltd.	CRISIL AAA	2.24%
Housing Development Finance Corporation Limited	CRISIL AAA	2.24%
Bajaj Finance Limited	CRISIL AAA	2.02%
Money Market Instruments		
Certificate of Deposit		48.71%
Canara Bank	CRISIL A1+	7.17%
Kotak Mahindra Bank Limited	CRISIL A1+	7.14%
HDFC Bank Limited	ICRA A1+	6.57%
Small Industries Development Bank of India	CARE A1+	5.12%
Export Import Bank of India	CRISIL A1+	4.49%
Bank of Baroda	IND A1+	4.12%
Axis Bank Limited	CRISIL A1+	4.08%
ICICI Bank Limited	ICRA A1+	4.01%
HDFC Bank Limited	CARE A1+	2.02%
Axis Bank Limited	ICRA A1+	2.01%
Bank of Baroda	Fitch A1+	1.98%
Commercial Paper		9.33%
Kotak Securities Limited	CRISIL A1+	4.18%
Kotak Mahindra Investment Limited	CRISIL A1+	3.06%
LIC Housing Finance Limited	CRISIL A1+	2.09%
Treasury Bill		17.65%
364 DAYS T-BILL 09MAR23	SOVEREIGN	4.17%
182 DAYS T-BILL 09FEB23	SOVEREIGN	3.35%
182 DAYS T-BILL 15JUN23	SOVEREIGN	3.07%
364 DAY TBILL 15JUN23	SOVEREIGN	2.92%
182 DAYS TBILL 02MAR2023	SOVEREIGN	2.09%
182 DAYS TBILL 25MAY2023	SOVEREIGN	2.05%
Cash Equivalent		1.67%
TREPS*		2.15%
Net Current Assets		-0.48%
Total Net Assets as on 31-DECEMBER-2022		100.00%

Asset Allocation


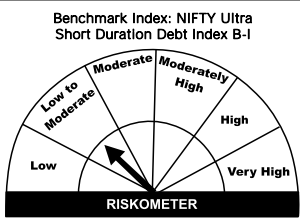


Rating Portfolio



Investment Objective

To provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved..

HSBC Ultra Short Duration Fund		
 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Ultra Short Duration Fund - An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months. Please refer Page No. 10 of the SID for explanation on Macaulay's duration. A relatively Low 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">• Income over short term with low volatility.• Investment in debt & money market instruments such that the Macaulay Duration of the portfolio is between 3 months- 6 months.^ <p><small>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</small></p> <p>Note on Risk-o-meters: Riskometer is as on 31 Dec 2022. 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 Ultra Short Duration Debt Index B-I</p> 

Potential Risk Class (HSBC Ultra Short Duration Fund)			
Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)		B-I	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low 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 is not an indicator of future returns. Source: HSBC Asset Management India, data as at 31 Dec 2022,

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