

# Fund Overview

## HSBC Ultra Short Duration Fund

January 2021

(Ultra Short Duration Fund – An Open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration<sup>^</sup> of the portfolio is between 3 months to 6 months.)



### Fund aim and investment policy

The fund aims to provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there can be no assurance that the Fund's objective can be realised.

### Fund Manager Kapil Punjabi



Vice President & Fund Manager – Indian Fixed Income

- ◆ 14 years of industry experience in fixed income
- ◆ Joined HSBC India in 2014

### Overview

- ◆ Provides institutional investors with an opportunity to invest in short-term INR denominated money market instruments.
- ◆ Main objectives/strategy includes:
  - Aim to preserve capital<sup>1</sup>
  - Daily liquidity <sup>^^</sup>
  - Active risk management
  - Extensive credit research

|                                 |  |
|---------------------------------|--|
| <b>Fund Launch Date</b>         | 30 Jan 2020  |
| <b>Fund manager</b>             | Kapil Punjabi  |
| <b>Investment Manager</b>       | HSBC Asset Management (India) Pvt. Ltd                             |
| <b>Currency</b>                 | INR  |
| <b>Fund Domicile</b>            | India  |
| <b>Benchmark</b>                | CRISIL Ultra Short Term Debt Index                                 |
| <b>Dealing</b>                  | Every Business Day   |
| <b>Cut-off Time<sup>*</sup></b> | 15:00 for Subscriptions and Switch Ins, Redemption and Switch Outs |
| <b>Settlement</b>               | T+1  |

<sup>\*</sup>Subject to terms and conditions as specified under the scheme information document of the scheme.

1. The Scheme is not a guaranteed or assured return Scheme. Investors may not get back the amount originally invested. There is no guarantee that the fund's investment objectives, including performance, will be achieved,

<sup>^^</sup> Daily liquidity - As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds 1 Business Day from the date of receiving a valid redemption request before the cut off time.

<sup>^</sup>The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

## Portfolio characteristics

|                                |             |
|--------------------------------|-------------|
| Yield to Maturity <sup>1</sup> | 3.34%       |
| Current AUM (~INR m)           | 579.95      |
| Current WAM <sup>2</sup>       | ~ 0.36 year |
| Maximum Maturity               | 6 months    |
| Maximum WAM <sup>2</sup>       | 6 months    |

## Fund Information

|                             | Features         |
|-----------------------------|------------------|
| Current NAV – Growth option | INR 1,049.1241   |
| Settlement Date             | T+1 <sup>4</sup> |

| Fund Name         | Total Expense Ratio (TER)<br>(as of 31 December 2020) | Minimum Application<br>Amount (Rs) | Minimum Redemption/<br>Switch Account (Rs) |
|-------------------|---|------------------------------------|--|
| HUSDF             | 0.49% <sup>3</sup>                                    | 5,000                              | 1,000                                      |
| HUSDF Direct Plan | 0.22% <sup>3</sup>                                    | 5,000                              | 1,000                                      |

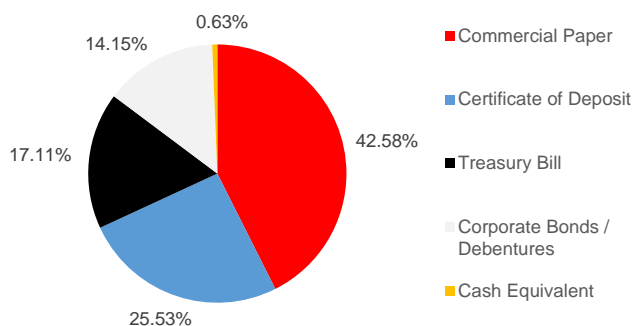
HSBC Mutual Fund/HSBC Asset Management (India) Private Limited would update the current expense ratios (TER) on its website at least three working days prior to the effective date of the change. Details of such changes can be referred on the following link under the Daily TER section: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds>

Source: HSBC Global Asset Management, data as of 31 December 2020

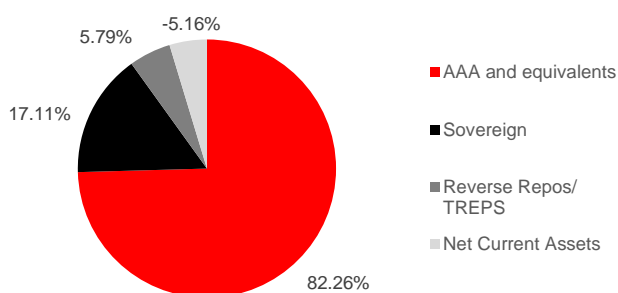
- Notes:
1. YTM Based on investment amount
  2. The Weighted Average Maturity (WAM) of the fund
  3. TER is annualized and Includes GST on Investment Management fees
  4. As per the local regulations, the fund shall dispatch the redemption proceeds within 10 business days from the date of acceptance of redemption request. Under normal circumstances, the Fund will endeavour to dispatch the redemption proceeds within 1 business day from the date of receiving redemption request.

## Portfolio Compositions<sup>1</sup>

### Instrument Mix



### Credit Quality Mix – local\* credit rating agencies' short-term ratings



### Top 10 issuers/counterparties

|  | % NAV |
|--|-------|
| National Bk for Agriculture & Rural Dev. | 8.84% |
| Tata Capital Housing Finance             | 8.59% |
| Tata Capital Financial Services          | 8.59% |
| Reliance Industries                      | 8.57% |
| 182 DAYS TBILL RED 18-03-2021            | 8.57% |
| Bank of Baroda                           | 8.49% |
| Housing Development Finance Corp         | 8.32% |
| Axis Bank                                | 6.78% |
| IndusInd Bank                            | 6.01% |
| REC                                      | 4.43% |

### Investment process and team

Our investment process is active, fundamental and value driven. It combines qualitative top-down analysis of macroeconomic and market dynamics, with structured bottom-up research into individual bond issuers and fixed income securities. While investment decisions are taken locally to ensure focus and accountability, our portfolio managers in India are able to access the expertise and experience of our investment professionals worldwide in order to gain a truly global perspective.

The Fund is managed in India by Kapil Punjabi, who has over 14 years of investment experience. The team in India benefits from the broader HSBC Global Asset Management Liquidity team which manages over USD117.4 billion<sup>2</sup> in money market assets across 11 currencies globally.

#### Notes:

\* The rating mentioned above refers to the local credit rating in India. The rating criteria and methodology used by Indian local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, the Indian local credit rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

1. Subject to change without notice.

2. Data as at June 2020

Source: HSBC Global Asset Management, All data as on 31 December 2020 except otherwise mentioned

## Key risks

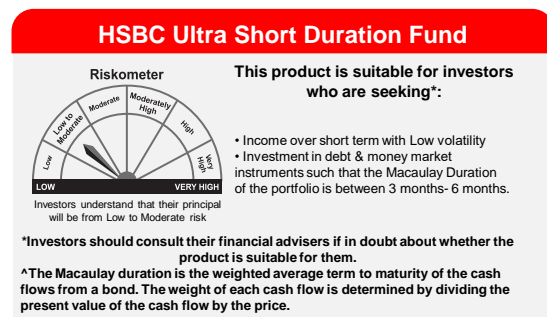
The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- ◆ **Credit Risk:** Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security).
- ◆ **Price-Risk or Interest Rate Risk:** As with all debt securities, changes in interest rates may affect the NAV of the Scheme(s) as the prices of securities increase as interest rates decline and decrease as interest rates rise.
- ◆ **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer.
- ◆ **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme(s) are reinvested. The additional income from reinvestment is the "interest on interest" component

For more risk factors check the KIM or visit <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources#>

## Important information

The Performance of HSBC Ultra Short Duration Fund is not given since the scheme has not completed one year from the date of inception.



Source: HSBC Asset Management, India

## Disclaimer:

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