

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 the SID). A relatively Low interest rate risk and Moderate credit risk. (L&T Ultra Short Term Fund has merged into HSBC Ultra Short Duration Fund)

September 2023

Fund Category	Fund Manager	Benchmark ^{1, 2}	Inception Date	AUM ³
Ultra Short Duration Fund	Maresh Chhabria and Jalpan Shah	NIFTY Ultra Short Duration Debt Index B-I	30 Jan 2020	Rs. 2751.92 Cr

Quantitative Data		Minimum Investment		
Average Maturity	5.36 Months	Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	5.21 Months			
Macaulay Duration	5.32 Months			
Yield to Maturity	7.24%			

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

Fund Strategy

- Investment predominantly in 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/A1+ portfolio) and a liquid portfolio
- Overall, we remain neutral to positive on duration with reasonable liquidity and rate hikes pause.
- The focus continues to be on the accrual returns in the portfolio.

Entry Load : NA, Exit Load: : Nil

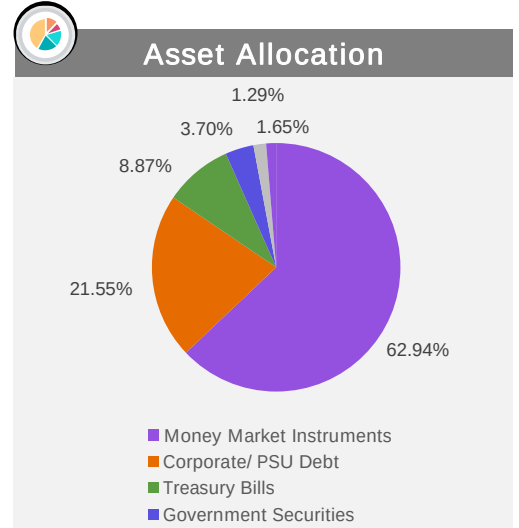
¹ As per clause 1.9 of the SEBI Master Circular dated May 19, 2023, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark effective from 01 December 2021. ² Fund's benchmark has changed with effect from April 01, 2022.
Data as on 31 August 2023.

³ AUM data as on 31 August 2023.

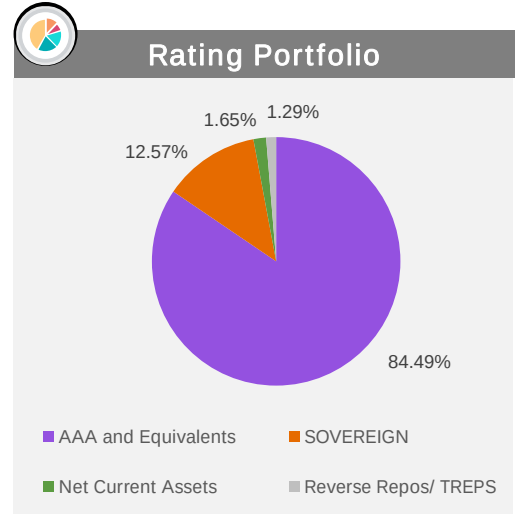
Portfolio

Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		21.55%
Power Finance Corporation Limited	CRISIL AAA	3.78%
National Bank for Agriculture & Rural Development	ICRA AAA / CRISIL AAA	3.67%
Bajaj Finance Limited	CRISIL AAA	2.78%
Tata Capital Housing Finance Limited	CRISIL AAA	2.41%
Rec Limited	CRISIL AAA	2.36%
HDB Financial Services Limited	CRISIL AAA	1.86%
LIC Housing Finance Limited	CRISIL AAA	1.86%
National Housing Bank	CRISIL AAA	1.85%
Indian Railway Finance Corporation Limited	CRISIL AAA	0.98%
Money Market Instruments		62.94%
Certificate of Deposit		39.78%
Axis Bank Limited	CRISIL A1+	7.92%
Canara Bank	CRISIL A1+	5.36%
Bank of Baroda	IND A1+	5.36%
Kotak Mahindra Bank Limited	CRISIL A1+	5.27%
ICICI Bank Limited	ICRA A1+	3.57%
HDFC Bank Limited	CARE A1+	3.52%
Small Industries Development Bank of India	CRISIL A1+	3.52%
National Bank for Agriculture & Rural Development	ICRA A1+	1.76%
National Bank for Agriculture & Rural Development	IND A1+	1.75%
Export Import Bank of India	CRISIL A1+	1.75%
Commercial Paper		23.16%
LIC Housing Finance Limited	CRISIL A1+	6.56%
Aditya Birla Finance Limited	ICRA A1+	3.50%
Kotak Mahindra Prime Limited	CRISIL A1+	3.48%
HDFC Bank Limited	CRISIL A1+	1.78%
Small Industries Development Bank of India	CARE A1+	1.76%
ICICI Securities Limited	CRISIL A1+	1.74%
HDFC Bank Limited	CARE A1+	1.74%
Bajaj Housing Finance Limited	CRISIL A1+	1.71%
Tata Capital Financial Services Limited	CRISIL A1+	0.89%
Government Securities		3.70%
7.68% GOI 15DEC2023	SOVEREIGN	3.70%
Treasury Bills		8.87%
364 DAYS T-BILL 26JAN24	SOVEREIGN	3.53%
182 DAYS T-BILL 23Nov23	SOVEREIGN	1.79%
182 DAYS T-BILL 14Dec23	SOVEREIGN	1.78%
182 DAYS T-BILL 11Jan24	SOVEREIGN	1.77%
Cash Equivalent		2.94%
TREPS*		1.29%
Net Current Assets:		1.65%
Total Net Assets as on 31-August-2023		100.00%

Asset Allocation

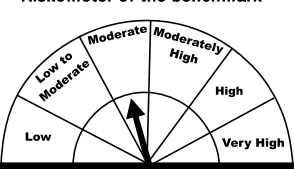


Rating Portfolio



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		
Riskometer of the Scheme  Investors understand that their principal will be at Low to Moderate risk	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. This product is suitable for investors who are seeking: - 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.[^] Benchmark Index: NIFTY Ultra Short Duration Debt Index B-I	Riskometer of the benchmark  RISKOMETER

* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
^ 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

Note on Risk-o-meters: Riskometer is as on 31 August 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 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.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Past performance is not an indicator of future returns. Source: HSBC Mutual Fund, data as on 31 August 2023,

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