L&T Mutual Fund
6th Floor, Brindavan, Plot No. 177
C. S. T. Road, Kalina
Santacruz (East), Mumbai 400 098

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L&T Financial Services
Mutual Fund

L&T MUTUAL FUND

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Addendum (No. 43 of F.Y. 2022 – 2023)

Changes in the features of L&T Hybrid Equity Fund

Unitholders are hereby informed that in terms of notice dated October 15, 2022 on and from the close of business hours on November 25, 2022, the revised provisions of L&T Hybrid Equity Fund will be as under:

Key Feature - Aggressive Hybrid

<table>
<tr><th>Name of the Scheme/ Description</th><th>HSBC Equity Hybrid Fund
Scheme Getting Merged ("Transferor Scheme ")</th><th>L&T Hybrid Equity Fund
Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")</th><th>HSBC Aggressive Hybrid Fund
(Erstwhile known as L&T Hybrid Equity Fund) (“Surviving scheme”)</th></tr>
<tr><td>Type of scheme</td><td>Aggressive Hybrid Fund – An open ended hybrid scheme investing predominantly in equity and equity related instruments.</td><td>An open ended hybrid scheme investing predominantly in equity and equity related instruments.</td><td>Aggressive Hybrid Fund – An open ended hybrid scheme investing predominantly in equity and equity related instruments.</td></tr>
<tr><td>Investment Objective</td><td>To seek long term capital growth and income through investments in equity and equity related securities and fixed income instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.</td><td>The investment objective of the Scheme is to seek to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related securities and to generate reasonable returns through a portfolio of debt and money market instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.</td><td>To seek long term capital growth and income through investments in equity and equity related securities and fixed income instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:<table><tr><td>Instruments</td><td>Indicative Allocation</td><td></td></tr></table></td><td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:</td><td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:</td></tr>
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<tr><td rowspan="2"></td><td colspan="2">(% of net assets)</td><td rowspan="2">Risk Profile</td></tr>
<tr><td>Minimum</td><td>Maximum</td></tr>
<tr><td>Equities & Equity related securities</td><td>65%</td><td>80%</td><td>High</td></tr>
<tr><td>Debt instruments & money market instruments (including cash and cash equivalents</td><td>20%</td><td>35%</td><td>Low to Medium</td></tr>
<tr><td>Units issued by REITs and InvITs</td><td>0%</td><td>10%</td><td>Medium to High</td></tr>
</table>

If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 30% of the corpus of the Scheme and if the Scheme decides to invest in ADRs / GDRs issued by Indian Companies and foreign securities in line with SEBI stipulation, it is the intention of the Investment Manager that such investments will not, normally exceed 30% of the assets of the Scheme. The Scheme shall have derivative exposure as per the SEBI regulations issued from time to time.
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<td>
<table>
<tr><td rowspan="2">Instruments</td><td colspan="2">Indicative Allocation (% of net assets)</td><td rowspan="2">Normal Allocations (% of net assets)</td><td rowspan="2">Risk Profile</td></tr>
<tr><td>Minimum</td><td>Maximum</td></tr>
<tr><td>Equity and Equity related securities</td><td>65%</td><td>75%</td><td>70%</td><td>Medium to High</td></tr>
<tr><td>Debt and Money Market Instruments including units of debt/fixed income schemes launched by mutual funds registered with SEBI *</td><td>25%</td><td>35%</td><td>30%</td><td>Low to Medium</td></tr>
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Pending deployment of funds, the Scheme may invest them into deposits of scheduled commercial banks as permitted under the extant Regulations.
The Scheme may engage in short selling and securities lending. The Scheme may also take exposure to stock lending up to 20% of net assets of the Scheme and not more than 5% of the net assets of the Scheme shall be deployed in stock/securities lending to any single counter-party
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	However, derivative exposure shall not exceed 50% of the net assets of the scheme. The Scheme may review the above pattern of investments based on views on the equity and debt markets and asset liability management needs and the portfolio shall be reviewed and rebalanced on a regular basis. However, at all times the portfolio will adhere to the overall investment objective of the Scheme. Investors may note that securities which provide higher returns typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.	*includes investments in securitized debt up to 35% of total assets The Scheme may, subject to applicable regulations from time to time, invest in foreign securities up to 25% of its total assets. However, before commencing investments in foreign debt/fixed income securities, the AMC shall comply with the requirements specified in its circular dated September 26, 2007 including appointment of a dedicated fund manager for such investments. The Scheme may invest in derivatives up to 100% of its net assets for efficient portfolio management including for the purpose of hedging and portfolio balancing and optimizing returns to the extent permitted under and in accordance with the applicable Regulation. The cumulative gross exposure through equity, debt, derivative positions including fixed income derivatives, and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Scheme. For details regarding % investment by the Scheme under scrip lending please refer paragraph “Scrip Lending by the Mutual Fund”. Due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders. In the event of deviations, rebalancing will normally be carried out within 30 Business Days.	/intermediary.The Scheme can take covered-call positions for stock derivatives, as permitted by SEBI. The Scheme shall invest in repos of corporate bonds up to 10% of its total assets, subject to applicable SEBI regulations. If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the net assets of the Scheme The cumulative gross exposure through, debt, derivative positions including fixed income derivatives, REITs and InvITs, repo transactions and credit default swaps in corporate debt securities, and such other securities/assets as may be permitted by SEBI from time to time, subject to approval, if any, shall not exceed 100% of the net assets of the Scheme. The Scheme may invest in Foreign Securities including ADR/GDR upto 30% of its total assets subject to the Eligible Investment Amount. Investment in Foreign Securities shall be subject to the investment restrictions specified by SEBI/RBI from time to time. . Derivative positions for other than hedging purposes shall not exceed 50% of total equity assets. The Scheme shall have derivative exposure as per the SEBI regulations issued from time to time. The Scheme may take positions in fixed income derivatives up to 50% of the total fixed income

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			assets of the Scheme for the purpose of hedging and portfolio balancing purposes. Further, in line with SEBI circular dated September 27, 2017, the Scheme is permitted to imperfectly hedge their portfolio or a part of their portfolio by using Interest Rate Futures. These may include instruments such as interest rate swaps, interest rate futures, credit default swaps, forward rate agreements, etc. The Scheme may participate in Credit Default Swap (CDS) transactions in line with the guidelines issued by SEBI / RBI from time to time. As per the extant regulatory guidelines, the exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the Scheme. The total exposure related to premium paid for all derivative positions, including CDS, shall not exceed 20% of the net assets of the Scheme. All investments shall be subject to compliance with 'Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements' as prescribed under SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 and any other guidelines issued by SEBI from time to time. As per extant regulatory guidelines, the Scheme shall not invest more than 10% of its net assets in following instruments: a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and

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			b. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade. The Scheme may participate in instruments with special features including Additional Tier 1 bonds and Additional Tier 2 bonds as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated 10th March 2021 and any other guidelines issues by SEBI from time to time. As per the extant regulatory guidelines, the Scheme shall not invest – a. more than 10% of its net assets in such instruments; and b. more than 5% of its net assets in such instruments issued by a single issuer. Investments will be made in line with the asset allocation of the Scheme and the applicable SEBI and / or AMFI guidelines as specified from time to time. The Scheme may review the above pattern of investments based on views on the equity and debt markets and asset liability management needs and the portfolio shall be reviewed and rebalanced on a regular basis. However, at all times the portfolio will adhere to the overall investment objective of the Scheme. Investors may note that securities which provide higher returns typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to

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			moderate volatility in its debt and money market investments. Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for short term and defensive considerations as per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation. Further, as per SEBI Circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/39 dated March 30, 2022, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period. Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure

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			requirements as specified in SEBI circular dated March 30, 2022
Investment Strategy	The aim of HSBC Equity Hybrid Fund is to seek a balance between long term growth and stability from an actively managed portfolio of equity and equity related securities and fixed income instruments. The Scheme will endeavour to achieve this by maintaining a minimum of 65% allocation to equity and equity related securities and at least 20% allocation to fixed income securities including money market instruments. The Scheme may invest in unlisted and / or privately placed and / or unrated debt securities subject to the limits prescribed in SID. Approvals of Board of AMC and the Trustees or the Investment Management Committee (within the broad parameters approved by the Board of the AMC and the Trustees) will be obtained prior to investment. A top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in select sectors based on the Investment Team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done based on these sectors. The fund manager in selecting stocks will focus on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and the key earnings drivers.	**Investments in equity and equity related instruments:** The Fund Manager(s) will focus primarily on bottom-up stock picking as opposed to a top-down approach. The Fund Manager(s) will generally aim to identify stocks which as per the Fund Manager's belief are sound, but which are mispriced. The Fund Manager(s) does this by analyzing a company's business model and financial parameters, valuations and business expectations. **Investments in debt and money market instruments:** The portfolio will be constructed and managed to generate returns to match the investment objective and to maintain adequate liquidity to accommodate funds movement. Capital appreciation opportunities could be explored by extending credit and duration exposure. The fund management team will take an active view of the interest rate movement supported by quantitative research, to include various parameters of the Indian economy, as well as developments in global markets. Investment views/decisions will be a combination of credit analysis of individual exposures and analysis of macro-economic factors to estimate the direction of interest rates and level of liquidity and will be taken, inter alia, on the basis of the following parameters: (i) Prevailing interest rate scenario	The aim of the scheme to seek a balance between long term growth and stability from an actively managed portfolio of equity and equity related securities and fixed income instruments. The Scheme will endeavour to achieve this by maintaining a minimum of 65% allocation to equity and equity related securities and at least 20% allocation to fixed income securities including money market instruments. The Scheme may invest in unlisted and / or privately placed and / or unrated debt securities subject to the limits prescribed in SID. Approvals of Board of AMC and the Trustees or the Investment Management Committee (within the broad parameters approved by the Board of the AMC and the Trustees) will be obtained prior to investment. A top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in select sectors based on the Investment Team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done based on these sectors. The fund manager in selecting stocks will focus on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

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	As per the asset allocation pattern indicated above, for investment in debt securities and money market instruments, the Fund may invest a part of the portfolio in various debt securities issued by corporates and / or state and central government. Such government securities may include securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by GOI / state government in some other way. With the aim of controlling risks, rigorous in depth credit evaluation of the instruments proposed to be invested in will be carried out by the Investment Team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as long-term financial health of the issuer. The AMC will also be guided by the ratings of rating agencies such as CRISIL, CARE and ICRA or any other rating agency as approved by the regulators. In addition, the Investment Team of the AMC will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The AMC would use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may invest in other Scheme(s) managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of	(ii) Returns offered relative to alternative investment opportunities. (iii) Quality of the security/instrument (including the financial health of the issuer) (iv) Maturity profile of the instrument (v) Liquidity of the security (vi) Any other factors considered relevant in the opinion of the fund management team. The fund management team supported by credit research group will generally adopt a bottom-up approach for securities identification to optimise the risk adjusted returns on the diversified portfolio. The credit quality of the portfolio will be maintained and monitored using the inhouse research capabilities as well as the inputs from the independent credit rating agencies. The bottom-up approach for credit issuer and security selection will be complemented by a top-down view for overall duration and credit allocation decisions. **Investments in derivatives:** Investment in derivatives will be made in accordance with the investment objective and the strategy of the Scheme and in accordance with the applicable Regulations, for efficient portfolio management including for the purpose of hedging and portfolio balancing and optimizing returns to the extent permitted under and in accordance with the applicable Regulations. However, investments in interest rate swaps shall be done only for the purposes of hedging and shall be in terms of requirements specified by SEBI and/or RBI from time to time. Hedging does	As per the asset allocation pattern indicated above, for investment in debt securities and money market instruments, the Fund may invest a part of the portfolio in various debt securities issued by corporates and / or state and central government. Such government securities may include securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by GOI / state government in some other way. With the aim of controlling risks, rigorous in depth credit evaluation of the instruments proposed to be invested in will be carried out by the Investment Team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as long-term financial health of the issuer. The AMC will also be guided by the ratings of rating agencies such as CRISIL, CARE and ICRA or any other rating agency as approved by the regulators. In addition, the Investment Team of the AMC will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The AMC would use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may invest in other Scheme(s) managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in

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	the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. Risk will also be reduced through adequate diversification of the portfolio. Diversification will be achieved by spreading the investments over a range of industries / sectors.	not mean maximization of returns but only attempts to reduce systemic or market risk that may be inherent in the investment. The manner in which derivative investments may be utilised and the benefits thereof have been explained in this Scheme Information Document. The various risks associated with investing in derivatives have been explained in paragraph "Risk associated with investing in derivatives" above. Any investments in derivatives will be undertaken after considering the risks as set out in the said paragraph. **Investments in foreign securities:** The Scheme may also invest in foreign securities for diversification as permitted under the applicable laws, including the SEBI Regulations. The investments of the Scheme in foreign securities will be restricted to 25% of the net assets of the Scheme. The various risks associated with investing in foreign securities have been explained at paragraph "Risk associated with investing in foreign securities/overseas investments/ offshore securities" above. Any investments in foreign securities will only be undertaken after considering the risks as set out at paragraph "Risks associated with investing in foreign securities/overseas investments/offshore securities" above. The Scheme may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments in overseas securities. The appointment of such intermediaries shall be in accordance with the	terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. Risk will also be reduced through adequate diversification of the portfolio. Diversification will be achieved by spreading the investments over a range of industries / sectors.

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		applicable Regulations and payments will be within the permissible ceilings on expenses.	
Benchmark Index	CRISIL Hybrid 35+65 Aggressive Index	NIFTY 50 Hybrid Composite Debt 65:35 Index	CRISIL Hybrid 35+65 Aggressive Index
Plan / Options /Sub-options	• Growth • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct - Payout of IDCW - Reinvestment IDCW	• Growth • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct --Payout of IDCW, Payout of IDCW (Annual) • - Reinvestment IDCW, Reinvestment IDCW (Annual)	• Growth • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct - Payout of IDCW, Payout of IDCW (Annual) - Reinvestment IDCW, Reinvestment IDCW (Annual)
Loads (Including SIP / STP where applicable)	**Entry Load*:** Nil **Exit Load:** (i) Any redemption / switch-out of units within 1 year from the date of allotment shall be subject to exit load as under: a. For 10% of the units redeemed / switched-out: Nil b. For remaining units redeemed or switched-out: 1.00% (ii) No Exit Load will be charged, if Units are redeemed / switched-out after 1 year from the date of allotment. The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively. * In terms of SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged to the investor effective August 1, 2009.	Entry Load*: Nil **Exit Load:** If the units redeemed or switched out are upto 10% of the units purchased or switched in ("the limit") within 1 year from the date of allotment – Nil If units redeemed or switched out are over and above the limit within 1 year from the date of allotment – 1% If units are redeemed or switched out on or after 1 year from the date of allotment. – Nil A switch-out or a withdrawal under SWP may also attract an Exit Load like any Redemption. No Exit load will be chargeable in case of switches made between different options of the Scheme. No Exit load will be chargeable in case of Units allotted on account of dividend reinvestments, if any.	**Entry Load*:** Not Applicable **Exit Load:** (i) Any redemption / switch-out of units within 1 year from the date of allotment shall be subject to exit load as under: c. a. For 10% of the units redeemed / switched-out: Nil d. b. For remaining units redeemed or switched-out: 1.00% (ii) No Exit Load will be charged, if Units are redeemed / switched-out after 1 year from the date of allotment. The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively. *In terms of SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load

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	Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investor's assessment of various factors including the service rendered by the distributors. No exit load (if any) will be charged for units allotted under bonus / Reinvestment of IDCW option.	* In terms of SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged to the investor effective August 1, 2009.	will be charged to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investor's assessment of various factors including the service rendered by the distributors. No exit load (if any) will be charged for units allotted under bonus / Reinvestment of IDCW option.
Liquidity	The Scheme will offer for purchase / switch-in and redemption / switch-out of units at NAV based prices on every Business Day on an ongoing basis. The Mutual Fund shall dispatch the Redemption proceeds within 10 business days from the date of acceptance of the Redemption request. It may be noted that units under Segregated Portfolio, if any, cannot be redeemed or purchased. However, the unit of Segregated Portfolio will be listed on the recognized Stock Exchange.	The Scheme will offer Units for Purchase and Redemption at Applicable NAV on every Business Day. The Mutual Fund will endeavour to dispatch the Redemption proceeds within 3 Business Days from the date of acceptance of the Redemption request.	The Scheme will offer for purchase / switch-in and redemption / switch-out of units at NAV based prices on every Business Day on an ongoing basis. The Mutual Fund shall dispatch the Redemption proceeds within 10 business days from the date of acceptance of the Redemption request. It may be noted that units under Segregated Portfolio, if any, cannot be redeemed or purchased. However, the unit of Segregated Portfolio will be listed on the recognized Stock Exchange.
Segregated Portfolio	Enabled	Enabled	Enabled (Definition of Credit Event is modified as under to include trigger date for instruments with special features as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021)
Definition of Credit Event (for 'Creation of segregated portfolio')	**Credit Event (With respect to creation of a Segregated Portfolio):** Credit Event refers to issuer level downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under: a. Downgrade of a debt or money market instrument to 'below investment grade', or	**Creation of Segregated Portfolio** Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following: 1) Segregated Portfolio may be created, in case of a Credit Event at issuer level i.e. downgrade in	**Creation of Segregated Portfolio** Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following: 1) Segregated Portfolio may be created, in case of a Credit Event at issuer level i.e. downgrade in

Name of the Scheme/ Description	HSBC Equity Hybrid Fund Scheme Getting Merged ("Transferor Scheme ")	L&T Hybrid Equity Fund Scheme with which Transferor Scheme is to be Merged ("Transferee Scheme")	HSBC Aggressive Hybrid Fund (Erstwhile known as L&T Hybrid Equity Fund) ("Surviving scheme")
	b. Subsequent downgrades of the said instruments from 'below investment grade', or c. Similar such downgrades of a loan rating In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio. Note: The AMC may create a Segregated Portfolio, in case of a Credit Event in accordance with SEBI guidelines as amended from time to time. Creation of Segregated Portfolio shall be optional and at the discretion of the AMC.	credit rating by a SEBI registered Credit Rating Agency (CRA), as under: a. Downgrade of a debt or money market instrument to 'below investment grade', or b. Subsequent downgrades of the said instruments from 'below investment grade', or c. Similar such downgrades of a loan rating. 2) Trigger of a pre-specified event for loss absorption in case of debt instruments with special features such as subordination to equity (absorption of losses before equity capital) and/or conversion to equity upon trigger of a pre-specified event for loss absorption. In case of debt instruments with special features mentioned above, if the instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the Trigger Date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the Trigger Date. 3) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level Credit Events as mentioned above and implemented at the ISIN level. 4) In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market	credit rating by a SEBI registered Credit Rating Agency (CRA), as under: a. Downgrade of a debt or money market instrument to 'below investment grade', or b. Subsequent downgrades of the said instruments from 'below investment grade', or c. Similar such downgrades of a loan rating. 2) Trigger of a pre-specified event for loss absorption in case of debt instruments with special features such as subordination to equity (absorption of losses before equity capital) and/or conversion to equity upon trigger of a pre-specified event for loss absorption. In case of debt instruments with special features mentioned above, if the instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the Trigger Date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the Trigger Date. 3) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level Credit Events as mentioned above and implemented at the ISIN level. 4) In case of unrated debt or money market instruments of an issuer that does not have any

Name of the Scheme/ Description	**HSBC Equity Hybrid Fund** **Scheme Getting Merged ("Transferor Scheme ")**	**L&T Hybrid Equity Fund** **Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")**	**HSBC Aggressive Hybrid Fund** **(Erstwhile known as L&T Hybrid Equity Fund) (“Surviving scheme”)**
		instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio. 5) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.	outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio. 5) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.
Covered call	Not available	Not available	To be Enabled (Refer provision related to Covered Call below)

I. Risk factors related to investments in Structured Obligations (SO) / Credit Enhancements (CE):

Structured Obligations (SO) are complex financial instruments issued by entities intending to improve their financing profile with the help of non-conventional financial instruments. Credit Enhancement (CE) rating is assigned by Credit Rating agencies to a debt security based on an identifiable credit enhancement for the security which could be in the form of letter of comfort, guarantee, shortfall undertaking etc. from another entity than the issuer, related or not related to the issuer. CE could additionally include pledging of equity shares listed on a stock exchange with a suitable haircut. Apart from standard risks related to debt instruments, these instruments are further exposed to the below risks:

Liquidity Risk: SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities generally lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is shallow compared to similar rated conventional debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the Scheme to exit such debt instruments when required and generate liquidity for the scheme or lead to higher impact cost when such instruments are sold impacting portfolio returns.

Credit Risk: Securities which have a structure with a guarantee from the corporate / promoter, may see an adverse effect if there are any signs of stress at the promoter / group level, even though the standalone borrowing entity's debt servicing capability and repayments may not see any material impact, from a future cash flow perspective. CEs are exposed to credit risk pertaining not only to the issuer of the security but also to the entity providing the credit enhancement. The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

II. Risks factors associated with investments in covered call strategy applicable to HSBC Equity Hybrid Fund

Covered call strategy is known as selling a call option on the shares which an investor holds. Under this strategy the investor owns the shares and has taken on the potential obligation to deliver the shares to the option buyer and accept the predetermine price as the price at which he sells the shares. For his willingness to do this, the investor receives the premium on the option.

Benefit of covered call strategy,

Income Generation: Investment manager sees this strategy as income generation. when investment manager is under view that the price of a share will not move beyond certain price in certain time frame, his endeavour will be to generate income by selling call option on that stock.

Downside Hedging: downside of the stock is protected to the extent of premium received under covered call strategy.

Risk Factors of covered call strategy

Volatility risk: Volatility risk arises when market more volatile than the Fund Manager's estimation. The investment manager holds view of range bound market and the market volatility breaches these limits, thereby increasing risk to the portfolio. This risk is mitigated as we have covered with the stocks we hold.

Opportunity loss: Selling call option means investment manager are obligated to deliver the stock at predetermined price. In case when the stock price move above the predetermine price the upside opportunity is lost on the stock, because we have sold call option.

Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.

III. Provision related to participation of mutual funds in repo in corporate debt securities:

In terms of SEBI Circular No. CIR/IMD/DF/19/2011 dated November 11, 2011 and 361 SEBI Circular No. CIR/IMD/DF/23/2012 dated November 15, 2012, Mutual funds can participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to the following conditions:

a. The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.

b. Mutual funds shall participate in repo transactions only in AA and above rated corporate debt securities.

c. In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

Risks factors associated with investments in repo transactions in corporate bonds

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks:

a. Counterparty Risk: This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. The Investment Manager will endeavour to manage counterparty risk by dealing only with counterparties, having strong credit profiles, approved by our credit risk analysis team. The exposure to each counterparty will be within the overall approved credit limits. Also, the counterparty risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the scheme shall have recourse to the corporate debt securities.

b. Collateral Risk: Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions with collateral bearing a minimum rating as prescribed by the regulators (currently AA or equivalent and above rated money market and corporate debt securities). Any rating downgrade will tantamount to either an early termination of the repo agreement or a call for fresh margin to meet the minimum haircut requirement. In addition, the Investment manager may apply a higher haircut on the underlying security than mentioned above to adjust for the illiquidity and interest rate risk on the underlying instrument. The adequacy of the collateral will be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. In the event of shortfall in the collateral, the counterparty shall be asked to replenish the same. If the counterparty is not able to top-up either in form of cash / collateral, it shall tantamount to early termination of the repo agreement.

c. Settlement Risk: Corporate Bond Repo shall be settled between two counterparties in the OTC segment unlike in the case of Government securities repo transactions where CCIL stands as central counterparty on all transactions which neutralizes the settlement risk. However, the settlement risk pertaining to CDRs shall be mitigated through Delivery versus Payment (DvP) mechanism which is followed by all clearing members.

IV. Risk factors associated with investments in Perpetual Debt Instruments (PDI) including Additional Tier-1 and Tier-2 bonds

The scheme may invest in certain debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption including Additional Tier I bonds and Tier 2 bonds issued under Basel III framework (known as perpetual debt instruments). PDIs are instruments issued by the borrower to strengthen their capital structure and as the name suggests these instruments do not have a specific maturity date but have an embedded call option instead and maybe less liquid than conventional debt instruments. These bonds are subordinate to all other debt and only senior to equity capital. The issuer may call or redeem the bonds on the call exercise date if they can refinance the issue at a cheaper rate, especially when interest rates are declining. The issuers of such instruments could be Banks, NBFCs and Corporates. PDIs issued by Banks and NBFCs fall under scope of Reserve Bank of India (RBI)'s guidelines for Basel III capital regulations. These are also referred to as Additional Tier I (AT1 bonds). However, there are no regulatory guidelines for issuance of PDIs by Corporates.

Since PDIs have special features other than usual non-convertible bonds, there are additional risks associated with such instruments which are listed below –

Risk related to coupon servicing –
Banks - As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons. These bonds may not be permitted to pay these coupons if the Bank's financial position improves subsequently (non-cumulative)
NBFCs - While NBFCs can defer/postpone payment of coupon in case paying the coupon leads to breach of capital ratios, they also have discretion at all times to cancel payment of coupon.
Corporates - Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

Risk of write down or conversion to equity –
In the event of shortfall in maintenance of capital adequacy ratios and/or Point of Non Viability Trigger (PONV – a point defined by RBI when a bank is deemed to have become non-viable unless appropriate measures are taken to revive its operations or infusion of public sector capital), PDIs issued by Banks could be written down or converted to common equity. This risk does not exist in case of PDIs issued by NBFCs and Corporates.

Risk of call option not exercised by the issuer –
Banks and NBFCs - The issuing Banks and NBFCs have an option to call back the instrument after minimum period as per the regulatory requirement from the date of issuance and specified period thereafter, subject to meeting the RBI guidelines. However, if the issuer does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date and hence maybe exposed to valuation impacts.
Corporates – Unlike Banks and NBFCs there is no minimum period for call date for Corporate issuers. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date and hence maybe exposed to valuation impacts.

Risk Mitigation – The Scheme will not invest more than 10% of the NAV of the scheme in such instruments and will limit exposure to 5% of the NAV of the Scheme for such instruments issued by a single issuer.

V. Provisions related to REITs & InvITs

Risks factors associated with investments in REITs & InvITs applicable to all above mentioned schemes

Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to the market conditions and factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.

Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc. the time taken by the Mutual Fund for liquidating the investments in the scheme may be long in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. As these products are new to the market, they are likely to be exposed to liquidity risk.

Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, interest payments etc. Depending upon the market conditions, interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. As a result, the proceeds may get invested at a lower rate.

Credit Risk: REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

Regulatory / Legal Risk: REITs and InvITs being new asset classes, regulatory guidelines may be evolving in nature which may impact the investments in REITs and InvITs

Investment restrictions related to REITs & InvITs :

A mutual fund may invest in the units of REITs and InvITs subject to the following:

(a) No mutual fund under all its schemes shall own more than 10% of units issued by a single issuer of REIT and InvIT; and

(b) A mutual fund scheme shall not invest –

i. more than 10% of its NAV in the units of REIT and InvIT; and

ii. more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

Provided that the limits mentioned in sub-clauses (i) and (ii) above shall not be applicable for investments in case of index fund or sector or industry specific scheme pertaining to REIT and InvIT.

VI. Risk associated with short selling and securities lending-

Short Selling Risk: The risk associated with upward movement in market price of security sold short may result in loss. The losses on short position may be unlimited as there is no upper limit on rise in price of a security.

Securities Lending: The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

This Addendum forms an integral part of the Scheme Information Document (SID) & Key Information Memorandum (KIM) of the surviving scheme.

Investors are requested to take note of the above.

For L&T Investment Management Limited
CIN: U65991MH1996PLC229572
(Investment Manager to L&T Mutual Fund)

Date: November 24, 2022
Place: Mumbai

Sd/-
Authorised Signatory

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