L&T Mutual Fund
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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 Overnight Fund

Unitholders are hereby informed that in terms of notice dated October 15, 2022 with effect from the end of day on November 25, 2022, L&T Overnight Fund will be merged with HSBC Overnight Fund. Accordingly, the revised provisions of the surviving scheme will be as under:

Key Features: Overnight Fund

Name of Scheme / Description	L&T Overnight Fund Scheme Getting Merged ("Transferor Scheme ")	HSBC Overnight Fund Scheme with which Transferor Scheme is to be Merged ("Transferee Scheme")	HSBC Overnight Fund ("Surviving Scheme")
Type of scheme	An open-ended debt scheme investing in overnight securities. A relatively low interest rate risk and relatively low credit risk	An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk	An open ended debt scheme investing in overnight securities. A relatively low interest rate risk and relatively low credit risk.
Investment Objective	The investment objective of the Scheme is to generate regular returns in line with the overnight rates. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.	The scheme aims to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities. However, there is no assurance that the investment objective of the Scheme will be achieved.	The scheme aims to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities. However, there is no assurance that the investment objective of the Scheme will be achieved.

<table>
<tr>
<th>Name of Scheme / Description</th>
<th>L&T Overnight Fund
Scheme Getting Merged ("Transferor Scheme ")</th>
<th>HSBC Overnight Fund
Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")</th>
<th>HSBC Overnight Fund
(“Surviving Scheme”)</th>
</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><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocation (% of net assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Overnight securities having maturity of 1 day*</td><td>0%</td><td>100%</td><td>Low</td></tr>
</table>
In accordance with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/683 dated Dec 10, 2021 (as amended from time to time), the scheme can deploy, not exceeding, 5% of the net assets of the scheme in G-secs and/or T-bills with a residual maturity of upto 30 days for the purpose of placing the same as margin and collateral for certain transactions.
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
*instruments with residual maturity not greater than 1 business day, including money market</td>
<td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:
<table>
<tr><th>Instruments</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Debt, Money Market instruments, Cash and Cash equivalents (including Repo) with overnight maturity / maturing on or before next business day</td><td>Up to 100%</td><td>Low</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 10% of the corpus of the Scheme.
The scheme will not invest in Derivatives, Foreign Securities, Credit Default Swaps, Securities Lending and Short Selling.
The investments under the Scheme would be in Triparty Repo, reverse repo, debt and money market</td>
<td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:
<table>
<tr><th>Instruments</th><th>Normal Allocation (% of Net Assets)</th><th>Risk Profile</th></tr>
<tr><td>Debt, Money Market instruments, Cash and Cash equivalents (including Repo) with overnight maturity / maturing on or before next business day*</td><td>Up to 100%</td><td>Low</td></tr>
<tr><td>G-secs and/or T-bills with a residual maturity of upto 30 days^</td><td>0-5%</td><td>Low</td></tr>
</table>
^In accordance with SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/683 dated Dec 10, 2021 (as amended from time to time), the Scheme can deploy, not exceeding, 5% of the net assets of the Scheme in G-secs and/or T-bills with a residual</td>
</tr>
</table>

Name of Scheme / Description	**L&T Overnight Fund** **Scheme Getting Merged ("Transferor Scheme ")**	**HSBC Overnight Fund** **Scheme with which Transferor Scheme is to be Merged ("Transferee Scheme")**	**HSBC Overnight Fund** **("Surviving Scheme")**
	instruments^, TREP/ reverse repo, debt instruments^^, including floating rate instruments, with overnight maturity ^ Money market instruments would include certificate of deposits, commercial papers, T-bills, repo, reverse repos and TREP, bill rediscounting, bills of exchange / promissory notes, standby letter of credit (SBLC) backed commercial papers and government securities having unexpired maturity of 1 year and such other instruments as eligible from time to time. ^^Debt instruments would include all debt securities issued by entities such as banks, companies, public sector undertakings, municipal corporations, body corporates, warrants, equity linked debentures (with no equity component), compulsorily convertible debenture (with no equity linked returns), capital instruments including Basel III bonds, central government securities, state development loans and UDAY bonds, recapitalization bonds, municipal bonds and G-sec repos and any other instruments as permitted by regulators from time to time. The Scheme will take exposure in repos of corporate bonds up to 10% of its total assets of the Scheme. The Scheme will not invest in Foreign Securities.	instruments and cash and cash equivalents with overnight maturity / maturing on or before next business day. The Scheme may invest in Repo / Reverse Repo transactions in Corporate Debt Securities maturing overnight in accordance with guidelines issued by SEBI from time to time.	maturity of upto 30 days for the purpose of placing the same as margin and collateral for certain transactions. It may be noted that the aforesaid deployment by the Scheme in Government Securities and/or Treasury bills with a residual maturity of upto 30 days will be in partial modification to SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and asset allocation of the Scheme which specifies the requirement relating to investment by the Scheme in overnight securities maturing on or before next business day*instruments with residual maturity not greater than 1 business day, including money market instruments^, TREPS/ reverse repo, debt instruments^^, including floating rate instruments, with overnight maturity. The Scheme will not invest in Derivatives, Foreign Securities, Credit Default Swaps, Securities Lending and Short Selling and 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 structured obligations/credit enhancements. If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 10% of the net assets of the Scheme.

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Name of Scheme / Description	**L&T Overnight Fund** **Scheme Getting Merged ("Transferor Scheme ")**	**HSBC Overnight Fund** **Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")**	**HSBC Overnight Fund** **(“Surviving Scheme”)**
	The Scheme may also invest into deposits of scheduled commercial banks as permitted under the extant Regulations The Scheme may also enter into “Repo”, “Stock Lending” or such other transactions as may be allowed by SEBI regulations from time to time. The portfolio of the Scheme will have the following characteristics: Investment will be made in the Debt and Money Market Instruments as mentioned above. • The Scheme will make investment in/purchase debt and money market securities with maturity of upto 1 day only. • Inter-scheme transfers will be permitted for debt and money market securities with maturity of upto 1 day only. • Further, the term ‘maturity’ shall mean: • In case of securities where the principal is to be repaid in a single payout the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of the security. • In case the maturity of the security falls on a non-Business Day then settlement of the securities will take place on the next Business Day. Please refer paragraph “Overview of Debt Markets” to		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 Pending deployment of funds, the Scheme may invest them into deposits of scheduled commercial banks as permitted under the extant Regulations. The Scheme may also enter into “Repo”, or such other transactions as may be allowed by SEBI regulations from time to time. The Scheme may take exposure in repos of corporate bonds up to 10% of its total assets of the Scheme. The investments under the Scheme would be in Triparty Repo, reverse repo, debt and money market instruments and cash and cash equivalents with overnight maturity / maturing on or before next business day. The Scheme may invest in Repo / Reverse Repo transactions in Corporate Debt Securities maturing overnight in accordance with guidelines issued by SEBI from time to time. The cumulative gross exposure of the Scheme in debt instruments and any other instruments as permitted by SEBI from time to time, subject to requisite approvals, if any, shall not exceed 100% of the Net asset of the scheme. 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.

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Name of Scheme / Description	L&T Overnight Fund Scheme Getting Merged ("Transferor Scheme")	HSBC Overnight Fund Scheme with which Transferor Scheme is to be Merged ("Transferee Scheme")	HSBC Overnight Fund ("Surviving Scheme")
	understand the debt markets and the instruments available in the debt markets. • The cumulative gross exposure in debt and money market instruments 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.		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 requirements as specified in SEBI circular dated March 30, 2022
Investment Strategy	The portfolio will be constructed and managed to generate returns to match the investment objective and to maintain adequate liquidity to accommodate	The aim of HSBC Overnight Fund is to offer returns in line with the extant overnight call / money market rates. The scheme will have low risk and offer a very	The aim of the scheme is to offer returns in line with the extant overnight call / money market rates. The scheme will have low risk and offer a very high

Name of Scheme / Description	**L&T Overnight Fund** **Scheme Getting Merged ("Transferor Scheme")**	**HSBC Overnight Fund** **Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")**	**HSBC Overnight Fund** **(“Surviving Scheme”)**
	funds movement. Since the investments of the scheme would be predominantly in overnight securities, the interest rate risk of the portfolio is likely to be extremely low which is in line with the investment objective and as a result a significant proportion of the total returns is likely to be in the form of income yield or accrual.	high degree of liquidity as it will invest only in overnight securities. Investments would be made normally in overnight securities including Tri-party Repo / Reverse repos, debt instruments with overnight maturity / liquidity. 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 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. Since providing liquidity is of paramount importance, the focus will be to ensure liquidity while seeking to maximise the yield. A mix of money market and debt instruments will be used to achieve this. The Investment Team of the AMC will carry out rigorous in-depth credit evaluation of the money market and debt instruments proposed to be invested in. The credit evaluation includes a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term / long term financial health of the issuer.	degree of liquidity as it will invest only in overnight securities. Investments would be made normally in overnight securities including Tri-party Repo / Reverse repos, debt instruments with overnight maturity / liquidity. 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 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. Since providing liquidity is of paramount importance, the focus will be to ensure liquidity while seeking to maximise the yield. A mix of money market and debt instruments will be used to achieve this. The Investment Team of the AMC will carry out rigorous in-depth credit evaluation of the money market and debt instruments proposed to be invested in. The credit evaluation includes a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term / long term financial health of the issuer.

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		The Scheme may invest in unlisted and / or privately placed and / or unrated debt securities subject to the limits indicated under “Investment Restrictions for the Scheme(s)” in this SID, from issuers of repute and sound financial standing. If investment is made in unrated debt securities, the approval of the Board of the AMC and the Trustees or the Investment Management Committee (within the broad parameters approved by the Board of the AMC and the Trustees) shall be obtained, as per the Regulations. 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.	The Scheme may invest in unlisted and / or privately placed and / or unrated debt securities subject to the limits indicated under “Investment Restrictions for the Scheme(s)” in this SID, from issuers of repute and sound financial standing. If investment is made in unrated debt securities, the approval of the Board of the AMC and the Trustees or the Investment Management Committee (within the broad parameters approved by the Board of the AMC and the Trustees) shall be obtained, as per the Regulations. 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.
Tier 1 Benchmark Index	NIFTY 1D Rate Index	CRISIL Overnight Fund A-I Index	CRISIL Overnight Fund A-I Index
Plan / Options /Sub-options	• Growth • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct	• Growth • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) - • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct	• Growth - Regular • Growth – Direct • Income Distribution cum Capital Withdrawal Option (IDCW) - Regular • Income Distribution cum Capital Withdrawal Option (IDCW) – Direct

Name of Scheme / Description	**L&T Overnight Fund** **Scheme Getting Merged ("Transferor Scheme")**	**HSBC Overnight Fund** **Scheme with which Transferor Scheme is to be Merged ("Transferee Scheme")**	**HSBC Overnight Fund** **("Surviving Scheme")**
	- Payout of IDCW –Monthly - Reinvestment IDCW – Daily, Weekly, Monthly	- Payout of IDCW- Weekly, Monthly - Reinvestment IDCW – Daily , Weekly, Monthly	- Payout of IDCW- Weekly, Monthly - Reinvestment IDCW – Daily, Weekly, Monthly In accordance with SEBI circular dated February 25, 2016, HSBC Overnight Fund will have four separate plans for the limited purpose of deploying the unclaimed redemption and dividend amounts into this scheme. These plans are not available for regular investments / switches by investors. The investment objective, asset allocation pattern, investment strategy, risk factors and portfolio of these Plans will be same as other existing plans of HSBC Overnight Fund. These plans will only have growth option. Further, the Total Expense Ratio of these four plans will be capped, at 50 bps, as per extant SEBI (Mutual Funds) Regulations, and there will be no exit load charged, as required under the aforesaid circular. The list of names and address of Unit Holders in whose folios there are unclaimed amounts along with the process of claiming such unclaimed amounts are available on our website http://www.assetmanagement.hsbc.co.in
Loads (Including SIP / STP where applicable)	Entry Load* : Nil **Exit Load : Nil** If the AMC introduces an Exit Load, a switch-out or a withdrawal under SWP or transfer under STP may also attract the applicable Exit Load like any redemption.	Entry Load* : Nil **Exit Load : Nil** The exit load set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.	Entry Load* : Not Applicable **Exit Load : Nil** The exit load set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.

Name of Scheme / Description	L&T Overnight Fund Scheme Getting Merged ("Transferor Scheme ")	HSBC Overnight Fund Scheme with which Transferor Scheme is to be Merged (“Transferee Scheme")	HSBC Overnight Fund (“Surviving Scheme”)
	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.	*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. 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. No exit load (if any) will be charged for units allotted under bonus / Reinvestment of IDCW option.
Liquidity	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.	Being an open-ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load, if any. As per the regulations, the Fund / AMC shall dispatch the redemption proceeds within 10 business days of receiving the redemption request. The Fund will, under normal circumstances, endeavour to despatch redemption proceeds within 1 Business Day.	Being an open-ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load, if any. As per the regulations, the Fund / AMC shall dispatch the redemption proceeds within 10 business days of receiving the redemption request. The Fund will, under normal circumstances, endeavour to despatch redemption proceeds within 1 Business Day.
PRC	A I	A I	A I
Segregated Portfolio	Not Enabled	Not Enabled	To be Enabled (Refer provisions related to Segregated portfolio below)

A. <u>Segregated Portfolio</u>

In order to ensure fair treatment to all investors in case of a Credit Event and to deal with liquidity risk, SEBI (vide its circular no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018) has allowed creation of Segregated Portfolio of debt and money market instruments by mutual fund schemes.

Benefits associated with Segregated Portfolio

The creation of Segregated Portfolio is aimed at ring fencing a bad asset and restrict cascading effect of illiquidity on the rest of portfolio. This will ensure fair treatment to all investors in case of a Credit Event and allow HSBC AMC to deal with liquidity risk. This offers advantage to the investors in following ways:

- Protecting interest of the investors – It protects investors from exits of large investors as segregation of bad assets help in stabilizing the NAV and minimize panic redemptions, thereby providing a cushion to the liquid portfolio of the Scheme.

- Fair treatment to the investors – New investors coming to the Scheme (Main Portfolio) after the Credit Event will neither get benefit of subsequent recovery, if any, of the bad assets nor will they have to bear the cost of further reduction in value of bad assets. Furthermore, an existing investor exiting from the liquid portfolio (Main Portfolio) after the Credit Event shall still be entitled to receive his portion of subsequent recovery of bad assets in the Segregated Portfolio.

The salient features of creation of Segregated Portfolio is given as below:

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 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) 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.
3) 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.
4) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.

Definitions

1) The term ‘Segregated Portfolio’ means a portfolio, comprising of debt or money market instrument affected by a Credit Event that has been segregated in a mutual fund scheme.
2) The term ‘Main Portfolio’ means the scheme portfolio excluding the Segregated Portfolio.
3) The term ‘Total Portfolio’ means the scheme portfolio including the securities affected by the Credit Event.

Process for Creation of Segregated Portfolio

1) On the date of Credit Event, the AMC shall decide on creation of Segregated Portfolio. Once the AMC decides to Segregated Portfolio, it shall :
   a. seek approval of Board of Trustees prior to creation of the Segregated Portfolio;
   b. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The Fund will also disclose that the segregation shall be subject to the Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC; and
   c. ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of Credit Event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions.
2) Once the Trustee approval is received by the AMC:
   a. Segregated Portfolio will be effective from the day of Credit Event
   b. The AMC shall issue a press release immediately with all relevant information pertaining to the Segregated Portfolio. The said information will also be submitted to

SEBI.

c. An e-mail or SMS will be sent to all unit holders of the concerned scheme.
d. The Net Asset Value (NAV) of both Segregated and Main Portfolios will be disclosed from the day of the Credit Event.
e. All existing investors in the scheme as on the day of the Credit Event will be allotted equal number of units in the Segregated Portfolio as held in the Main Portfolio.
f. No redemption and subscription will be allowed in the Segregated Portfolio. However, upon recovery of any money from Segregated Portfolio, it will be immediately distributed to the investors in proportion to their holding in the Segregated Portfolio.
g. The AMC shall enable listing of units of Segregated Portfolio on the recognized stock exchange within 10 working days of creation of Segregated Portfolio and also enable transfer of such units on receipt of valid transfer requests.

3) If the Trustee do not approve the proposal to segregate portfolio, the AMC will issue a press release immediately informing investors of the same.

Processing of Subscription and Redemption Proceeds

1) All subscription and redemption requests for which NAV of the day of Credit Event or subsequent day is applicable will be processed as under:
   i. Upon trustees' approval to create a Segregated Portfolio -
      Investors redeeming their units will get redemption proceeds based on the NAV of Main Portfolio and will continue to hold the units of Segregated Portfolio.
      Investors subscribing to the scheme will be allotted units only in the Main Portfolio based on its NAV.
   ii. In case trustees do not approve the proposal of Segregated Portfolio, subscription and redemption applications will be processed based on the NAV of Total Portfolio.

Disclosure

The AMC shall make necessary disclosures as mandated by SEBI, in statement of account, monthly / half yearly portfolio statements, KIM, SID, Scheme Advertisements, Scheme Performance data, AMC's website and at other places as may be specified.
The information regarding number of Segregated Portfolio(s) created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
The NAV of the Segregated Portfolio shall be declared on daily basis.
Further, the investors of the Segregated Portfolio shall be duly informed of the recovery proceedings of the investments of the Segregated Portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

Total Expense Ratio (TER) for the Segregated Portfolio

1. The AMC will not charge investment and advisory fees on the Segregated Portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in Segregated Portfolio.
2. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the Main Portfolio (in % terms) during the period for which the Segregated Portfolio was in existence.
3. The legal charges related to recovery of the investments of the Segregated Portfolio may be charged to the Segregated Portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the Main Portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

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4. The costs related to Segregated Portfolio shall in no case be charged to the Main Portfolio.

Monitoring by Trustees
The Trustee will monitor the compliance of the SEBI Circular in respect of creation of Segregated Portfolio and disclosure in this respect shall be made in Half-Yearly Trustee reports filed with SEBI.
In order to avoid mis-use of Segregated Portfolio, Trustees shall have a mechanism in place to negatively impact the performance incentives of fund managers, Chief Investment Officers, etc. involved in the investment process of securities under the Segregated Portfolio, mirroring the existing mechanism for performance incentives of the AMC, including transfer of such impacted amount to the Segregated Portfolio.

Risks associated with Segregated Portfolio
***Liquidity risk* –** Segregated Portfolio is created to separate debt and money market instruments affected by a Credit Event from the Main Portfolio of the Scheme. The Fund will not permit redemption of the Segregated Portfolio units, but the units will be listed on a recognized stock exchange. The Fund is not assuring any liquidity of such units on the stock exchange. Further, trading price of units on the stock exchange may be significantly lower than the prevailing NAV. Investors can continue to transact (subscribe/redeem) from the Main Portfolio.
***Credit risk* –** While the AMC will put in sincere efforts to recover the securities in the Segregated Portfolio and distribute the same to unit holders, it is likely that such securities may not realise any value leading to losses to investors.

Illustration of Segregated Portfolio
Below mentioned is sample Portfolio of a scheme, net assets of which amount to Rs. 558.41 lacs.

(1) Portfolio Before Downgrade Event (As on 29 June, 2019)

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	9.19%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	10.57%
8.29% C Services Ltd.	AA+	NCD	70000	98.9125	69.23875	12.40%
D Ltd	A1+	CD	30000	98.199	29.4597	5.28%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	8.84%

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
Cash / Cash Equivalents					300.00142	53.72%
		Net Assets			**558.41**	
		No. of units (in Lacs)			**10**	
		NAV (Rs. per unit)			**55.8409**	

(2) Rating downgrade of security

Downgrade event date	30-Jun-2019
Downgraded security	8.29% C Services Ltd. from AA+ to B
Valuation marked down by	25%*

*Mark down in valuation of downgraded securities shall be based on the haircut matrices specified by Association of Mutual Funds in India (AMFI) which takes into account downgraded rating, sector to which security belongs and secured / unsecured nature of the security.

Portfolio after Downgrade (As on 30 June, 2019)

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	9.47%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	10.90%
8.29% C Services Ltd.*	B*	NCD	70000	75	52.5	9.69%
D Ltd.	A1+	CD	30000	98.199	29.4597	5.44%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	9.12%

L&T Mutual Fund
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L&T Financial Services
Mutual Fund

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
Cash / Cash Equivalents					300.00142	55.38%
		Net Assets			**541.67**	
		No. of units (in Lacs)			**10**	
		NAV (Rs. per unit)			**54.1670**	

* Mark down of 25% is on the face value (Rs. 100/-) of security on the date of Credit Event. Before marked down, the security was valued at Rs. 98.9125 per unit on 30 June, 2019 which is the date of Credit Event, NCD of C Services Ltd. will be segregated into a separate portfolio.

Main Portfolio (As on 30 June, 2019)

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	10.49%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	12.06%
D Ltd.	A1+	CD	30000	98.199	29.4597	6.02%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	10.09%
Cash / Cash Equivalents					300.00142	61.33%
		Net Assets			**489.17**	
		No. of units (in Lacs)			**10**	
		NAV (Rs. per unit)			**48.9170**	

Segregated Portfolio (As on 30 June, 2019)

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Security	**Rating**	**Type of Security**	**Quantity**	**Price Per Unit (Rs.)**	**Market Value (Rs. in lacs)**	**% of Net Assets**
8.29% C Services Ltd.*	B*	NCD	70000	75	52.5	100.00%
		Net Assets			**52.50**	
		No. of units (in Lacs)			**10**	
		NAV (Rs. per unit)			**5.2500**	

(3) Holding after creation of Segregated Portfolio

Particulars	**Segregated Portfolio**	**Main Portfolio**	**Total Value (Rs. in lacs)**
No. of units (in Lacs)	10	10	
NAV (Rs. per unit)	5.2500	48.9170	
Total value	**52.50**	**489.17**	**541.67**

B. Investment Restrictions for Securitised Debt:

In terms of SEBI Circular No. SEBI/IMD/CIR No.6/63715/06 dated March 29, 2006, for investments made in Securitised Debt (mortgage backed securities and asset backed securities), restrictions as per Clause 1 of Seventh Schedule shall not apply at the originator level.

Risks associated with investments in securitised debt:

- The underlying assets in securitised debt may assume different forms and the general types of receivables include auto finance, credit cards, home loans or any such receipts. Credit risks relating to such receivables depend upon various factors, including macro-economic factors of these industries and economies. Further, specific factors like the nature and adequacy of property mortgaged against these borrowings, the nature of loan agreement/mortgage deed in case of home loans, adequacy of documentation in case of auto finance and home loans, capacity of a borrower to meet his obligations on borrowings in case of credit cards and intentions of the borrower also influence the risks relating to asset borrowings underlying securitised debt. Additionally, the nature of the asset borrowings underlying the securitised debt also influences the underlying risk, for instance while residential mortgages tend to have lower default rates, repossession and recovery is easier in case of commercial vehicles. Credit rating agencies take into account a series of such factors and follow an elaborate system involving stipulation of margins, over-collateralisation and guarantees to provide a rating for securitised debt.

- In case of securitised debt, changes in market interest rates and pre-payments may not change the absolute amount of receivables for the investors but may have an impact on the reinvestment of the periodic cash flows that an investor receives on securitised papers.
- Tenor risk: While building the planned amortization schedule for a PTC, there can be a clause stating a minimum percentage of receivable by the issue to stick to the initial cash flows. If the receivables are less than the minimum stated receivables then the tenor of the PTC can get elongated or vice versa.
- Risk due to prepayment: Asset securitization is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. In the event of pre-payment of the underlying debt, investors may be exposed to changes in tenor and yield.
- Liquidity Risk: Presently, despite recent legal developments permitting the listing of securitised debt instruments, the secondary market for securitised debt in India is not very liquid. Even if a more liquid market develops in the future, secondary transactions in such instruments may be at a discount to initial issue price due to changes in the interest rate structure.
- Limited Recourse, Delinquency and Credit Risk: Certificates issued on investment in securitised debt represent a beneficial interest in the underlying receivables and there is no obligation on the issuer, seller or the originator in that regard. Defaults on the underlying loan/ decline in project SPV's receivables can adversely affect the pay outs to the investors and thereby, adversely affect the NAV of the Scheme. While it is possible to repossess and sell the underlying asset, various factors can delay or prevent repossession and the price obtained on sale of such assets may be low. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

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- Bankruptcy Risk: If the originator of securitised debt instruments in which the Scheme invest is subject to bankruptcy proceedings and the court in such proceedings concludes that the sale of the assets from originator to the trust was not a 'true sale', then the Scheme could experience losses or delays in the payments due. Normally, care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a 'true sale'.
- Risk of Co-mingling: Servicers in a securitization transaction normally deposit all payments received from the obligors into a collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account. In this interim period, collections from the loan agreements by the servicer may not be segregated from other funds of the servicer. If the servicer fails to remit such funds due to investors, investors in the Scheme may be exposed to a potential loss.

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.