

Product Note

HSBC Short Duration Fund (HSDF) (Erstwhile L&T Short Term Bond Fund)

Short Duration Fund - An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years for details on Macaulay's Duration (please refer to SID under the section "Asset Allocation Pattern"). A moderate interest rate risk and moderate credit risk.

(HSBC Short Duration Fund has merged into L&T Short Term Bond Fund and the surviving scheme has been renamed)

February 2023

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM |
|----------------|------------------------------------|--------------------------------------|----------------|----------------|
| Short Duration | Jalpan Shah and Shriram Ramanathan | NIFTY Short Duration Debt Index B-II | 27 Dec 2011 | Rs. 3608.31 Cr |

| Quantitative Data | | Minimum Investment | | |
|--------------------------------|-----------|------------------------|--------------|--------------------------------|
| Average Maturity | 2.01 year | Lumpsum ₹ 5,000 | SIP ₹ 500 | Additional Purchase ₹ 1,000 |
| Modified Duration | 1.81 year | Exit Load / Entry Load | | |
| Macaulay Duration [^] | 1.90 year | | | |
| Yield to Maturity | 7.49% | NIL | | |

Why HSBC Short Duration Fund?

- Investors looking to invest in high credit quality debt fund with lower interest rate risk could consider investing in this fund
- The fund offers a prudent portfolio in line with the risk appetite of the investors whilst seeking optimal returns
- Demonstrated ability to identify value-buying opportunities and to reposition the portfolio basis evolving interest rate environment

Fund Strategy

- The scheme aims at generating regular returns through yield accrual while also capturing potential opportunities of capital appreciation
- Continues to maintain the highest credit quality, with 100% of the portfolio in AAA or equivalent securities
- Looks to take a measured duration exposure in order to strike a risk-return balance. Maximum residual maturity of any security (including Gsec) restricted to 5 years.
- Higher current allocation towards Government securities including SDLs (~50%) given the relative low credit spreads, with the ability to switch to corporate bonds once spreads correct
- Overweight Bonds and CDs in upto 2 years segments where corporate bond/CD spreads over sovereigns are higher
- Overweight Gilts and SDLs in 2 to 5 year segment where corporate bond spreads over sovereigns are lower

¹ SEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021 ² Fund's benchmark has changed with effect from April 01, 2022.
Data as on 31 Jan 2023

The fund has undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22.

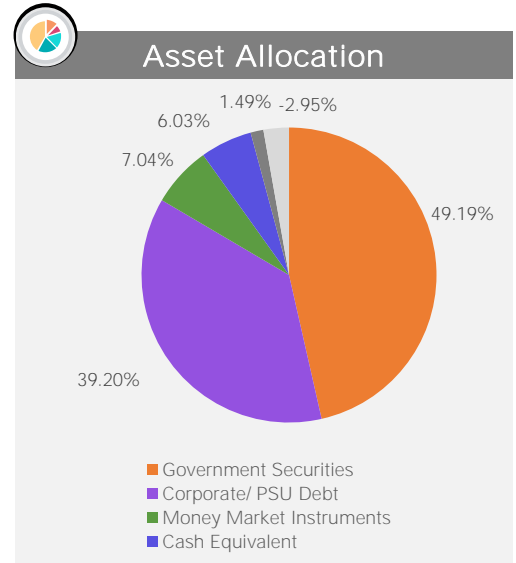
For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

Portfolio

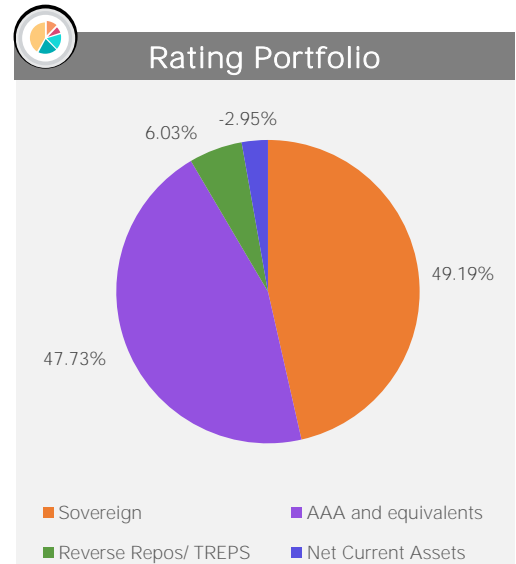
| Issuer | Rating | % to Net Assets |
|---|-----------------------|-----------------|
| Corporate/ PSU Debt | | |
| Corporate Bonds / Debentures | | 39.20% |
| National Bank for Agriculture and Rural Development | CRISIL AAA / ICRA AAA | 7.39% |
| Housing Development Finance Corporation Limited | CRISIL AAA | 5.53% |
| Rec Limited | CARE AAA / CRISIL AAA | 6.00% |
| Bajaj Housing Finance Limited | CRISIL AAA | 3.14% |
| Bajaj Finance Limited | CRISIL AAA | 2.86% |
| Small Industries Development Bank of India | ICRA AAA | 2.80% |
| Jamnagar Utilities and Power Pvt Limited (Mukesh Ambani Group) | CRISIL AAA | 2.70% |
| National Housing Bank | CRISIL AAA | 2.41% |
| Kotak Mahindra Prime Limited | CRISIL AAA | 2.13% |
| Indian Railway Finance Corporation Limited | CRISIL AAA | 1.81% |
| NIIF Infrastructure Finance Limited | ICRA AAA | 1.15% |
| Sikka Ports & Terminals Limited (Mukesh Ambani group) | CRISIL AAA | 0.44% |
| HDB Financial Services Limited | CRISIL AAA | 0.28% |
| Sundaram Finance Limited | CRISIL AAA | 0.27% |
| Export Import Bank of India | CRISIL AAA | 0.15% |
| LIC Housing Finance Limited | CRISIL AAA | 0.14% |
| Money Market Instruments | | |
| Certificate of Deposit | | 7.04% |
| Small Industries Development Bank of India | CARE AAA | 4.49% |
| Export Import Bank of India | CRISIL AAA | 2.55% |
| Securitised Debt Amort | | 1.49% |
| First Business Receivables Trust (Backed by receivables from Reliance Industries, Reliance Retail, Reliance Jio) | CRISIL AAA(SO) | 1.49% |
| Government Securities | | 49.19% |
| 7.38% GOI 20JUN2027 | SOVEREIGN | 15.46% |
| 5.27% GUJARAT 19JAN24 SDL | SOVEREIGN | 10.92% |
| GOI 07.35% 22JUN24 | SOVEREIGN | 7.15% |
| 7.89% GUJARAT 15MAY2025 SDL | SOVEREIGN | 5.59% |
| MAHARASHTRA 08.23% 09SEP25 SDL | SOVEREIGN | 3.79% |
| 5.22% GOI 15JUN2025 | SOVEREIGN | 2.95% |
| MAHARASHTRA SDL 08.26% 12AUG25 | SOVEREIGN | 0.92% |
| GUJARAT 07.96% 14OCT2025 SDL | SOVEREIGN | 0.58% |
| KARNATAKA SDL 08.14% 13NOV25 | SOVEREIGN | 0.57% |
| GUJARAT GUJARA 8.23 09/09/25 | SOVEREIGN | 0.29% |
| GOI 06.17% 12JUN23 | SOVEREIGN | 0.28% |
| 8.50% JAMMU & KASHMIR 30MAR2025 SDL | SOVEREIGN | 0.15% |
| 6.69% GOI 27JUN2024 | SOVEREIGN | 0.14% |
| 6.18% GOI 04NOV2024 | SOVEREIGN | 0.14% |
| 8.65% UTTAR PRADESH 10MAR2024 SDL | SOVEREIGN | 0.12% |
| 8.66% WEST BENGAL SDL 20MAR2023 | SOVEREIGN | 0.10% |
| GOI 07.72% 25MAY25 | SOVEREIGN | 0.04% |
| Cash Equivalent | | 3.08% |
| TREPS* | | 6.03% |
| Net Current Assets | | -2.95% |
| Total Net Assets as on 31-JANUARY-2023 | | 100.00% |

*TREPS : Tri-Party Repo

Asset Allocation

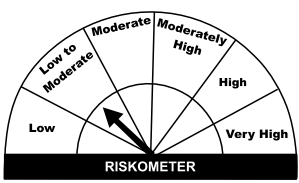



Rating Portfolio



Investment Objective

To provide a reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 1 year to 3 years. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

| HSBC Short Duration Fund (Erstwhile L&T Short Term Bond Fund) | | |
|---|---|---|
|  <p>Investors understand that their principal will be at Low to Moderate risk</p> | <p>Short Duration Fund - An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years for details on Macaulay's Duration please refer to SID under the section "Asset Allocation Pattern"). A moderate interest rate risk and moderate credit risk.</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none">• Generation of regular returns over short term• Investment in fixed income securities of shorter term maturity. <p><small>* 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.</small></p> <p>Note on Risk-o-meters: Riskometer is as on 31 Jan 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</p> | <p>Benchmark Index: Nifty Short Duration Debt Index B-II</p>  |

| Potential Risk Class (HSBC Short Duration Fund) | | | |
|--|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | | |
| Moderate (Class II) | | B-II | |
| Relatively High (Class III) | | | |
| A Scheme with Relatively Moderate interest rate risk and Moderate credit risk. | | | |

Note - Sonal Gupta shall be dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Past performance is not an indicator of future returns. Source: HSBC Asset Management India, data as at 31 Jan 2023,

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