

Product Note

HSBC Low Duration Fund (HLDF) (Erstwhile L&T Low Duration Fund)

Low Duration Fund - An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months (for details on Macaulay's Duration please refer to the SID). A relatively low interest rate risk and moderate credit risk. (HSBC Low Duration Fund has merged into L&T Low Duration Fund and the surviving scheme has been renamed)

August 2023

Fund Category	Fund Manager	Benchmark ^{1, 2}	Inception Date	AUM ³
Low Duration	Shriram Ramanathan and Mahesh Chhabria	NIFTY Low Duration Debt Index B-I	04 Dec 2010	Rs. 491.15 Cr

Quantitative Data		Minimum Investment		
Average Maturity	8.77 Months	Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
Modified Duration	8.10 Months			
Macaulay Duration	8.50 Months			
Yield to Maturity	7.50%			

Why HSBC Low Duration Fund?

- Appropriately positioned to provide a higher carry over the traditional money market category funds while maintaining liquidity
- Rigorous credit selection process to spot mispriced credit opportunities.
- Given the portfolio quality, liquidity and carry over other funds, the fund is well positioned in the current market environment.

Fund Strategy

- Focus on generating returns through a yield-oriented and accrual-based strategy
- Reasonably good portfolio quality with a diversified mix of assets and liquidity
- The fund has ~80% AAA rated issuers
- Moderate portfolio duration, while providing yield pickup

Entry Load : NA, Exit Load: : Nil

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

Data as on 31 July 2023

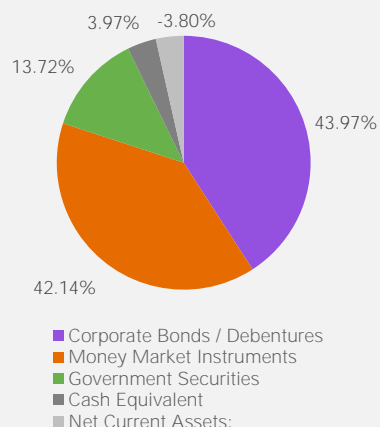
³ AUM is as on 31 July 2023

Portfolio

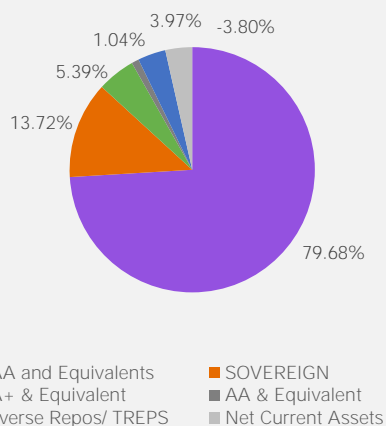
Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		43.97%
Power Finance Corporation Limited	CRISIL AAA	7.57%
Indian Railway Finance Corporation Limited	CRISIL AAA	5.45%
Bharti Telecom Limited	CRISIL AA+	5.39%
REC Limited	CRISIL AAA	5.16%
Bajaj Housing Finance Limited	CRISIL AAA	5.11%
National Bank for Agriculture & Rural Development	CRISIL AAA	5.06%
Embassy Office Parks REIT	CRISIL AAA	4.07%
Bajaj Finance Limited	CRISIL AAA	3.07%
Indian Oil Corporation Limited	CRISIL AAA	2.05%
TMF Holdings Limited	CRISIL AA	1.04%
Money Market Instruments		34.45%
Certificate of Deposit		34.45%
Kotak Mahindra Bank Limited	CRISIL A1+	5.07%
ICICI Bank Limited	ICRA A1+	4.99%
Canara Bank	CRISIL A1+	4.97%
Bank of Baroda	IND A1+	4.97%
Export Import Bank of India	CRISIL AAA	4.87%
Small Industries Development Bank of India	CRISIL A1+	4.80%
Axis Bank Limited	CRISIL A1+	4.78%
Commercial Paper		7.69%
Cholamandalam Investment & Finance Company Limited	CRISIL A1+	4.78%
Shriram Finance Limited	CRISIL A1+	2.91%
Government Securities		13.72%
GOI FRB - 22SEP33	SOVEREIGN	12.70%
6.69% GOI 27JUN2024	SOVEREIGN	1.02%
Cash Equivalent		0.17%
TREPS*		3.97%
Net Current Assets:		-3.80%
Total Net Assets as on 31-July-2023		100.00%

*TREPS : Tri-Party Repo

Asset Allocation





Rating Portfolio



Investment Objective

The investment objective is to provide liquidity and reasonable returns by investing primarily in a mix of short term debt and money market instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

HSBC Low Duration Fund (Erstwhile L&T Low Duration Fund)		
 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Low Duration Fund - An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months (Please refer to the SID for explanation on Macaulay's duration.). A relatively low 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"> • Liquidity over short term • Investment in Debt / Money Market Instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months <p>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> <p>Note on Risk-o-meters: Riskometer is as on 31 July 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 Low Duration Debt Index B-I</p> 

Potential Risk Class (HSBC Low Duration Fund)

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

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

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

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