

## 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 (for details on Macaulay's Duration please refer to no. 9). 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)

June 2023

Fund Category	Fund Manager	Benchmark <sup>1, 2</sup>	Inception Date	AUM
Short Duration	Jalpan Shah and Shriram Ramanathan	NIFTY Short Duration Debt Index B-II	27 Dec 2011	Rs. 3,549.27 Cr

Quantitative Data		Minimum Investment		
Average Maturity	2.52 year	Lumpsum	SIP	Additional Purchase
Modified Duration	2.15 year	₹ 5,000	₹ 500	₹ 1,000
Macaulay Duration <sup>^</sup>	2.28 year	Exit Load / Entry Load		
Yield to Maturity	7.34%	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.
- 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

<sup>1</sup> 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 <sup>2</sup> Fund's benchmark has changed with effect from April 01, 2022. Fund strategy as at Jan '23. Data as on 31 May 2023.

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

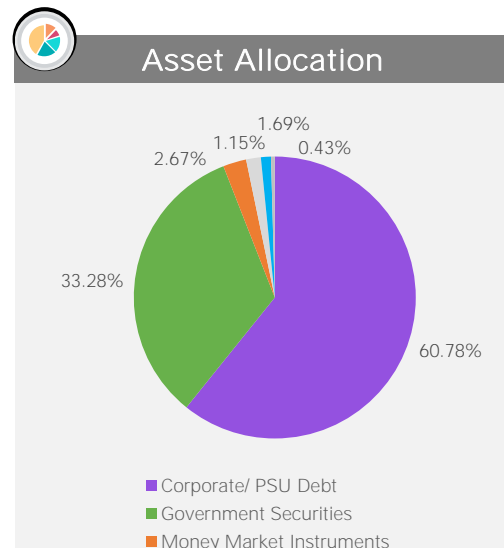
For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

## Portfolio

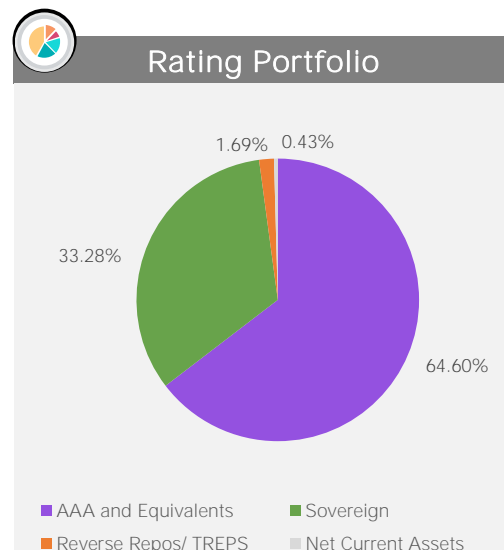
Issuer	Rating	% to Net Assets
<b>Corporate Bonds / Debentures</b>		<b>60.78%</b>
National Bank for Agriculture & Rural Development	CRISIL AAA/ICRA AAA	8.36%
Small Industries Development Bank of India	CRISIL AAA/ICRA AAA	8.01%
REC Limited	CRISIL AAA/CARE AAA	7.65%
Power Finance Corporation Limited	CRISIL AAA	7.57%
Housing Development Finance Corporation Limited	CRISIL AAA	7.20%
Indian Railway Finance Corporation Limited	CRISIL AAA	3.53%
Bajaj Housing Finance Limited	CRISIL AAA	3.10%
LIC Housing Finance Limited	CRISIL AAA	3.05%
Jamnagar Utilities and Power Pvt Limited	CRISIL AAA	2.85%
National Housing Bank	CRISIL AAA	2.82%
Bajaj Finance Limited	CRISIL AAA	2.82%
Kotak Mahindra Prime Limited	CRISIL AAA	2.12%
NIIF Infrastructure Finance Limited	ICRA AAA	1.13%
Sundaram Finance Limited	CRISIL AAA	0.29%
HDB Financial Services Limited	CRISIL AAA	0.28%
Money Market Instruments		
Certificate of Deposit		2.67%
Export Import Bank of India	CRISIL AAA	2.67%
Securitized Debt Amort		1.15%
<b>First Business Receivables Trust</b>	<b>CRISIL AAA(SO)</b>	<b>1.15%</b>
Government Securities		33.28%
7.38% GOI 20JUN2027	SOVEREIGN	14.78%
7.89% GUJARAT 15MAY2025 SDL	SOVEREIGN	5.63%
GOI 07.35% 22JUN24	SOVEREIGN	5.40%
MAHARASHTRA 08.23% 09SEP25 SDL 12AUG25	SOVEREIGN	3.81%
MAHARASHTRA SDL 08.26%	SOVEREIGN	0.92%
5.63% GOI 12APR2026	SOVEREIGN	0.69%
GUJARAT 07.96% 14OCT2025 SDL	SOVEREIGN	0.58%
KARNATAKA SDL 08.14% 13NOV25	SOVEREIGN	0.58%
GOI 06.17% 12JUN23	SOVEREIGN	0.29%
GUJARAT GUJARA 8.23 09/09/25	SOVEREIGN	0.29%
8.50% JAMMU & KASHMIR 30MAR2025 SDL	SOVEREIGN	0.15%
8.65% UTTAR PRADESH 10MAR2024 SDL	SOVEREIGN	0.12%
GOI 07.72% 25MAY25	SOVEREIGN	0.04%
<b>Cash Equivalent</b>		<b>2.12%</b>
<b>TREPS</b>		<b>1.69%</b>
<b>Net Current Assets</b>		<b>0.43%</b>
<b>Total Net Assets as on 31-May-2023</b>		<b>100.00%</b>

\*TREPS : Tri-Party Repo

## Asset Allocation

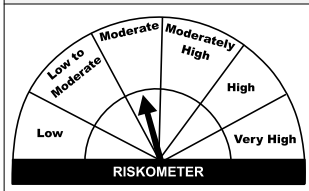
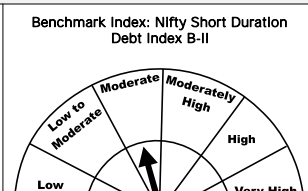


## Rating Portfolio



## 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 Moderate risk</p>	<p><b>Short Duration Fund</b> - 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><b>This product is suitable for Investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Generation of regular returns over short term</li> <li>• Investment in fixed income securities of shorter term maturity.</li> </ul> <p>* 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.</p> <p><b>Note on Risk-o-meters:</b> Riskometer is as on 31 May 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><b>Benchmark Index: Nifty Short Duration Debt Index B-II</b></p> 

### Potential Risk Class (HSBC Short Duration Fund)

Credit Risk →			
Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
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 May 2023,

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