

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)

March 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. 3592.20 Cr

Quantitative Data		Minimum Investment		
Average Maturity	2.08 year	Lumpsum	SIP	Additional Purchase
Modified Duration	1.81 year	₹ 5,000	₹ 500	₹ 1,000
Macaulay Duration [^]	1.90 year			
Yield to Maturity	7.68%	Exit Load / Entry Load		
		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. Fund strategy as at Jan '23. Data as on 28 Feb 2023.

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

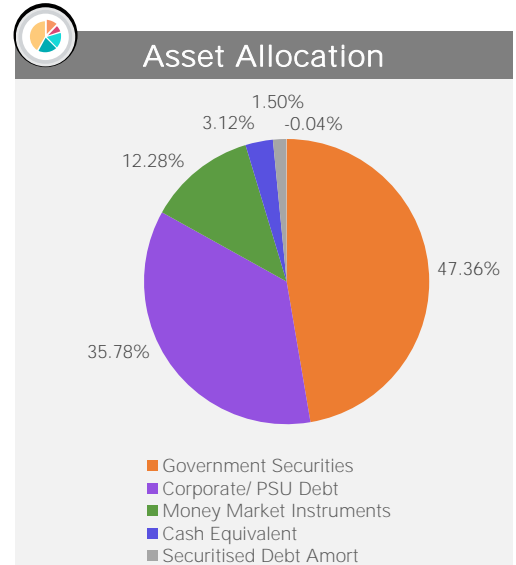
For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

Portfolio

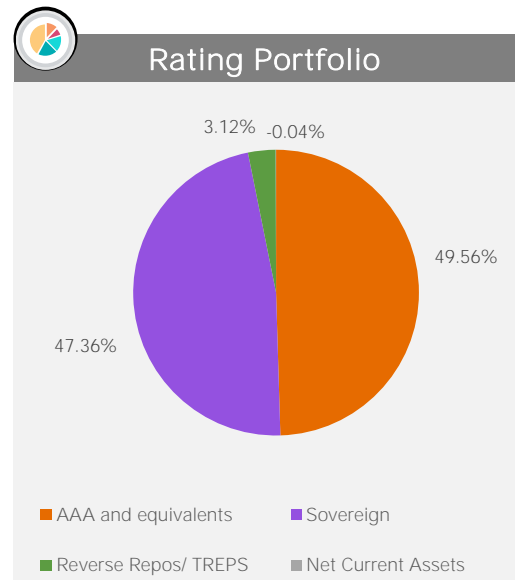
Issuer	Rating	% to Net Assets
Corporate/ PSU Debt		
Corporate Bonds / Debentures		
		35.78%
National Bank for Agriculture and Rural Development	CRISIL AAA / ICRA AAA	7.36%
Housing Development Finance Corporation Limited	CRISIL AAA	5.58%
Rec Limited	CARE AAA / CRISIL AAA	6.03%
Bajaj Housing Finance Limited	CRISIL AAA	3.00%
Small Industries Development Bank of India	ICRA AAA	2.81%
Bajaj Finance Limited	CRISIL AAA	2.73%
Jamnagar Utilities and Power Pvt Limited (Mukesh Ambani Group)	CRISIL AAA	2.72%
Kotak Mahindra Prime Limited	CRISIL AAA	2.05%
Indian Railway Finance Corporation Limited	CRISIL AAA	1.12%
NIIF Infrastructure Finance Limited	ICRA AAA	1.09%
Sikka Ports & Terminals Limited (Mukesh Ambani group)	CRISIL AAA	0.44%
HDB Financial Services Limited	CRISIL AAA	0.28%
Sundaram Finance Limited	CRISIL AAA	0.28%
Export Import Bank of India	CRISIL AAA	0.15%
LIC Housing Finance Limited	CRISIL AAA	0.14%
Money Market Instruments		
Certificate of Deposit		12.28%
Small Industries Development Bank of India	CARE AAA	4.53%
Kotak Mahindra Bank Limited	CRISIL A1+	2.59%
Axis Bank Limited	CRISIL A1+	2.59%
Export Import Bank of India	CRISIL AAA	2.57%
Securitised Debt Amort		
		1.50%
First Business Receivables Trust (Backed by receivables from Reliance Industries, Reliance Retail, Reliance Jio)	CRISIL AAA(SO)	1.50%
Government Securities		
		47.36%
7.38% GOI 20JUN2027	SOVEREIGN	15.51%
5.27% GUJARAT 19JAN24 SDL	SOVEREIGN	8.25%
GOI 07.35% 22JUN24	SOVEREIGN	7.20%
7.89% GUJARAT 15MAY2025 SDL	SOVEREIGN	5.63%
MAHARASHTRA 08.23% 09SEP25 SDL	SOVEREIGN	3.82%
5.22% GOVERNMENT OF INDIA 15JUN25 G-SEC	SOVEREIGN	2.96%
MAHARASHTRA SDL 08.26% 12AUG25	SOVEREIGN	0.89%
5.63% GOI 12APR2026	SOVEREIGN	0.68%
GUJARAT 07.96% 14OCT2025 SDL	SOVEREIGN	0.58%
KARNATAKA SDL 08.14% 13NOV25	SOVEREIGN	0.58%
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*		
		3.12%
Net Current Assets		
		-0.04%
Total Net Assets as on 28-FEBRUARY-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.

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	<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>Benchmark Index: Nifty Short Duration Debt Index B-II</p>
<p>Investors understand that their principal will be at Low to Moderate risk</p>	<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>Note on Risk-o-meters: Riskometer is as on 28 Feb 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>	

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 28 Feb 2023,

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