

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)

April 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. 3609.36 Cr

Quantitative Data	
Average Maturity	2.26 year
Modified Duration	1.91 year
Macaulay Duration [^]	2.01 year
Yield to Maturity	7.57%

Minimum Investment		
Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 1,000
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.
- 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 31 Mar 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>.

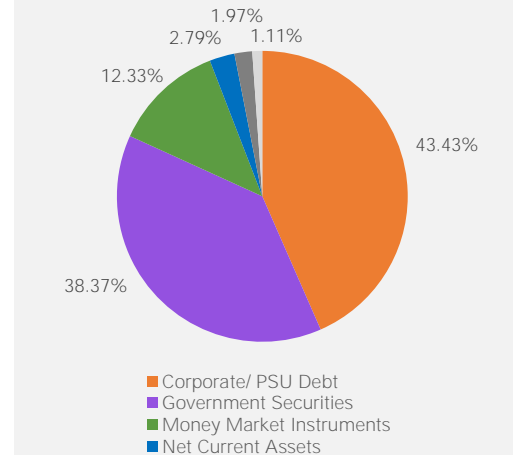
Portfolio

Issuer	Rating	% to Net Assets
Corporate/ PSU Debt		
Corporate Bonds / Debentures 18.15%		
Housing Development Finance Corporation Limited	CRISIL AAA	4.77%
Reliance Industries Limited	CRISIL AAA	3.76%
Power Finance Corporation Limited	CRISIL AAA	2.49%
ICICI Bank Limited	ICRA AAA	2.45%
National Bank for Agriculture & Rural Development	ICRA AAA	2.34%
National Housing Bank	CRISIL AAA	2.34%
Money Market Instruments		
Certificate of Deposit 40.56%		
HDFC Bank Limited	CARE A1+	6.74%
Canara Bank	CRISIL A1+	5.74%
ICICI Bank Limited	ICRA A1+	4.49%
State Bank of India	IND A1+	3.44%
Export Import Bank of India	CRISIL A1+	2.30%
Axis Bank Limited	CRISIL A1+/ICRA A1+	4.51%
Bank of Baroda	IND A1+	2.26%
National Bank for Agriculture & Rural Development	ICRA A1+/IND A1+	4.43%
Small Industries Development Bank of India	CARE AAA/CARE A1+	4.43%
Kotak Mahindra Bank Limited	CRISIL A1+	2.22%
Commercial Paper		23.41%
ICICI Securities Limited	CRISIL A1+	5.79%
Bajaj Finance Limited	CRISIL A1+	4.68%
Small Industries Development Bank of India	CARE A1+	3.31%
LIC Housing Finance Limited	CRISIL A1+	2.68%
Aditya Birla Finance Limited	ICRA A1+	2.33%
Kotak Mahindra Investment Limited	CRISIL A1+	2.33%
Housing Development Finance Corporation Limited	CRISIL A1+	2.29%
Treasury Bill		12.31%
182 DAYS T-BILLS 25May2023	SOVEREIGN	2.34%
364 DAY TBILL 15JUN23	SOVEREIGN	2.33%
182 DAYS T-BILL - 29JUN2023	SOVEREIGN	2.33%
182 DAYS T-BILL 20JUL23	SOVEREIGN	2.32%
182 DAYS T-BILL 14SEP23	SOVEREIGN	2.29%
182 DAYS T-BILL 15JUN23	SOVEREIGN	0.70%
Cash Equivalent		5.57%
TREPS*		6.91%
Net Current Assets		-1.34%
Total Net Assets as on 31-MARCH-2023		100.00%

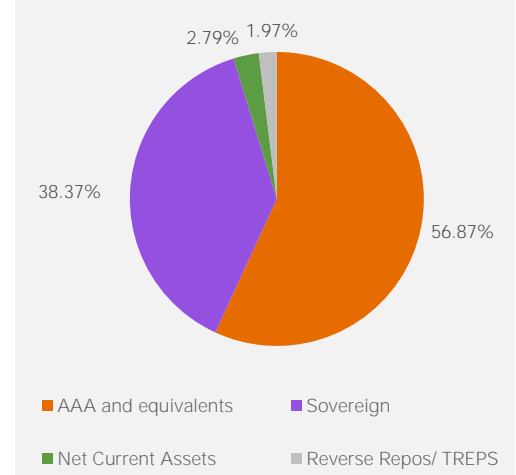
*TREPS : Tri-Party Repo



Asset Allocation

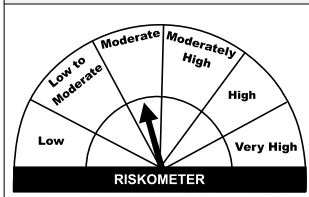
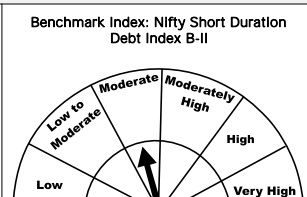


Rating Portfolio



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>RISKOMETER</p> <p>Investors understand that their principal will be at 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>Benchmark Index: Nifty Short Duration Debt Index B-II</p>  <p>RISKOMETER</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 31 March 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 31 Mar 2023,

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