

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 the SID). 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)

August 2023

Fund Category	Fund Manager	Benchmark ^{1, 2}	Inception Date	AUM ³
Short Duration Fund	Jalpan Shah and Shriram Ramanathan	NIFTY Short Duration Debt Index B-II	27 Dec 2011	Rs. 3394.98 Cr

Quantitative Data		Minimum Investment		
Average Maturity	2.51 year	Lumpsum	SIP	Additional Purchase
Modified Duration	2.15 year	₹ 5,000	₹ 500	₹ 1,000
Macaulay Duration [^]	2.28 year			
Yield to Maturity	7.46%			

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
- Demonstrated ability to identify value-buying opportunities and to reposition the portfolio basis evolving interest rate environment

Fund Strategy

- The scheme aims at generating returns through yield accrual while also capturing potential opportunities of capital appreciation
- Aim to maintain the highest credit quality, with 100% of the portfolio in AAA or equivalent securities

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.

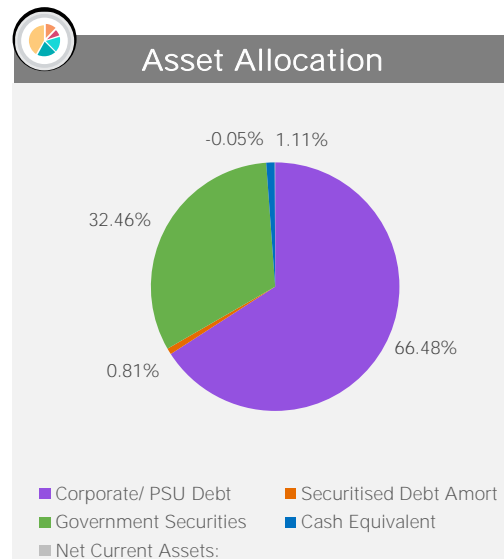
³ AUM is as on 31 July 2023.

Portfolio

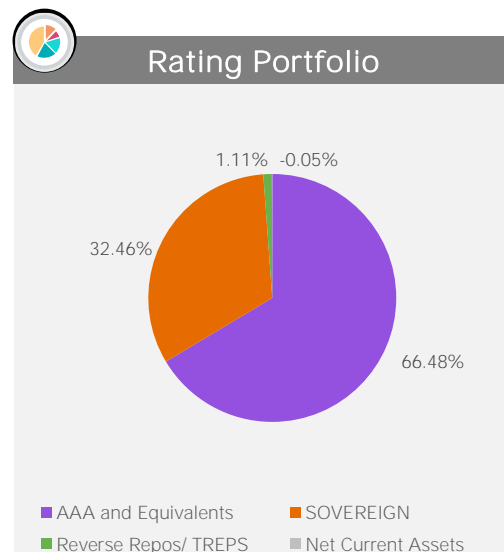
Issuer	Rating	% to Net Assets
Corporate Bonds / Debentures		65.67%
National Bank for Agriculture & Rural Development	CRISIL AAA / ICRA AAA	8.76%
Small Industries Development Bank of India	CRISIL AAA /ICRA AAA	8.45%
Rec Limited	CARE AAA / CRISIL AAA	8.07%
Power Finance Corporation Limited	CRISIL AAA	7.96%
HDFC Bank Limited	CRISIL AAA	7.41%
Indian Railway Finance Corporation Limited	CRISIL AAA	3.71%
Bajaj Housing Finance Limited	CRISIL AAA	3.30%
LIC Housing Finance Limited	CRISIL AAA	3.24%
Jamnagar Utilities and Power Pvt Limited	CRISIL AAA	3.00%
Bajaj Finance Limited	CRISIL AAA	2.99%
Indian Oil Corporation Limited	ICRA AAA	2.98%
National Housing Bank	CRISIL AAA	2.97%
Kotak Mahindra Prime Limited	CRISIL AAA	2.24%
Sundaram Finance Limited	CRISIL AAA	0.30%
HDB Financial Services Limited	CRISIL AAA	0.29%
Securitised Debt Amort		0.81%
First Business Receivables Trust (Backed by receivables from Reliance Industries, Reliance Retail, Reliance Jio)	CRISIL AAA(SO)	0.81%
Government Securities		32.46%
7.38% GOI 20JUN2027	SOVEREIGN	16.45%
7.89% GUJARAT 15MAY2025 SDL	SOVEREIGN	5.93%
MAHARASHTRA 08.23% 09SEP25 SDL	SOVEREIGN	4.02%
GOI 07.35% 22JUN24	SOVEREIGN	2.53%
MAHARASHTRA SDL 08.26% 12AUG25	SOVEREIGN	0.97%
5.63% GOI 12APR2026	SOVEREIGN	0.72%
GUJARAT 07.96% 14OCT2025 SDL	SOVEREIGN	0.61%
KARNATAKA SDL 08.14% 13NOV25	SOVEREIGN	0.61%
GUJARAT GUJARA 8.23 09/09/25	SOVEREIGN	0.31%
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%
Cash Equivalent		1.06%
TREPS*		1.11%
Net Current Assets:		-0.05%
Total Net Assets as on 31-July-2023		100.00%

*TREPS : Tri-Party Repo

Asset Allocation

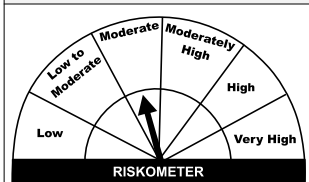
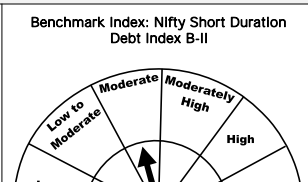


Rating Portfolio



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>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 Please refer to the SID for explanation on Macaulay's duration. 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 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 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>	

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.

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.