

## 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 no. 9). 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)

April 2023

| Fund Category | Fund Manager                           | Benchmark <sup>1, 2</sup>         | Inception Date | AUM           |
|---------------|--|-----------------------------------|----------------|---------------|
| Low Duration  | Shriram Ramanathan and Mahesh Chhabria | NIFTY Low Duration Debt Index B-I | 04 Dec 2010    | Rs. 444.95 Cr |

| Quantitative Data |              |
|-------------------|--------------|
| Average Maturity  | 13.15 Months |
| Modified Duration | 8.86 Months  |
| Macaulay Duration | 9.15 Months  |
| Yield to Maturity | 7.71%        |

| Minimum Investment     |              |                                |
|------------------------|--------------|--------------------------------|
| Lumpsum<br>₹ 5,000     | SIP<br>₹ 500 | Additional Purchase<br>₹ 1,000 |
| Exit Load / Entry Load |              |                                |
| NA / NIL               |              |                                |

### Why HSBC Low Duration Fund?

- Appropriately positioned to provide a higher carry over the traditional money market category funds while maintaining adequate liquidity
- Rigorous credit selection process to spot mispriced credit opportunities.
- Given the portfolio quality, ample 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
- Strong portfolio quality with a diversified mix of assets and adequate liquidity
- The fund has been positioned as an 85:15 rating mix strategy between AAA and non-AAA names.
- Moderate portfolio duration, while providing yield pickup.

<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 Mar 2023

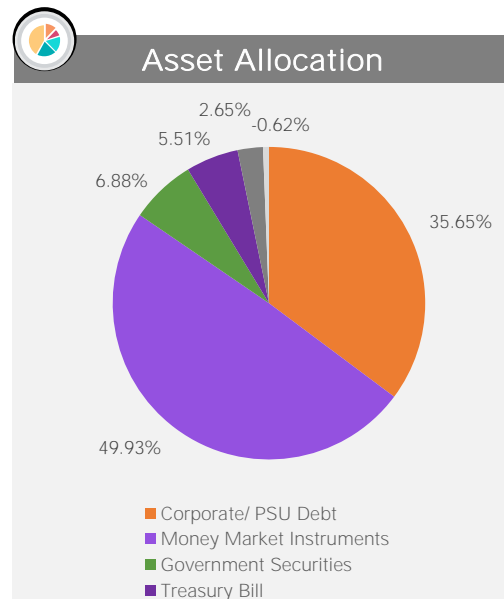
The fund has undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

## Portfolio

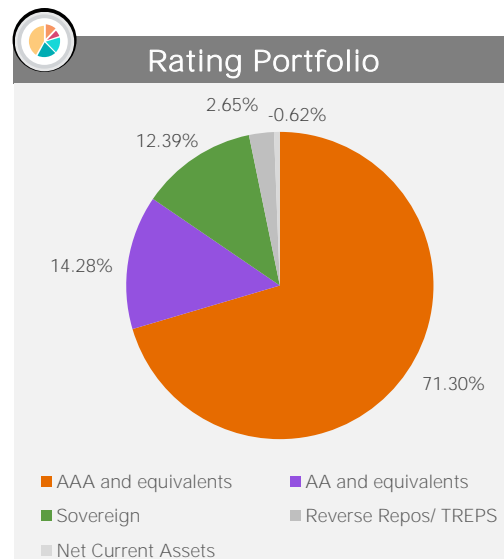
| Issuer  | Rating     | % to Net Assets |
|---|------------|-----------------|
| <b>Corporate/ PSU Debt</b>                        |            |                 |
| Corporate Bonds / Debentures                      |            | 35.65%          |
| Muthoot Finance Limited                           | CRISIL AA+ | 6.10%           |
| Small Industries Development Bank of India        | CARE AAA   | 5.84%           |
| Bharti Telecom Limited                            | CRISIL AA+ | 5.77%           |
| REC Limited                                       | CRISIL AAA | 5.55%           |
| National Bank for Agriculture & Rural Development | ICRA AAA   | 5.54%           |
| Embassy Office Parks REIT                         | CRISIL AAA | 4.44%           |
| Tata Steel Limited                                | CARE AA+   | 2.41%           |
| <b>Money Market Instruments</b>                   |            |                 |
| Certificate of Deposit                            |            | 44.54%          |
| Axis Bank Limited                                 | CRISIL A1+ | 7.38%           |
| ICICI Bank Limited                                | ICRA A1+   | 5.37%           |
| Bank of Baroda                                    | IND A1+    | 5.35%           |
| Canara Bank                                       | CRISIL A1+ | 5.35%           |
| HDFC Bank Limited                                 | CARE A1+   | 5.34%           |
| Kotak Mahindra Bank Limited                       | CRISIL A1+ | 5.27%           |
| State Bank of India                               | CRISIL A1+ | 5.24%           |
| Export Import Bank of India                       | CRISIL AAA | 5.24%           |
| Commercial Paper                                  |            | 5.39%           |
| Housing Development Finance Corporation Limited   | CRISIL A1+ | 5.39%           |
| <b>Government Securities</b>                      |            | <b>6.88%</b>    |
| GOI FRB 04Oct2028                                 | SOVEREIGN  | 5.74%           |
| 6.69% GOI 27JUN2024                               | SOVEREIGN  | 1.14%           |
| <b>Treasury Bill</b>                              |            | <b>5.51%</b>    |
| 182 DAYS T-BILL 13JUL23                           | SOVEREIGN  | 5.51%           |
| <b>Cash Equivalent</b>                            |            | <b>2.03%</b>    |
| <b>TREPS*</b>                                     |            | <b>2.65%</b>    |
| <b>Net Current Assets</b>                         |            | <b>-0.62%</b>   |
| <b>Total Net Assets as on 31-MARCH-2023</b>       |            | <b>100.00%</b>  |

\*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><b>Low Duration Fund</b> - 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 SID under the section "Asset Allocation Pattern"). A relatively low 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>Liquidity over short term</li> <li>Investment in Debt / Money Market Instruments such that the Macaulay<sup>^</sup> duration of the portfolio is between 6 months to 12 months</li> </ul> <p>* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.<br/> <sup>^</sup> 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 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> | <p><b>Benchmark Index: NIFTY Low Duration Debt Index B-I</b></p>  |

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

| Credit Risk →   | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
|---|--------------------------|--------------------|---------------------------|
| Interest Rate Risk ↓  |                          |                    |                           |
| 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. |                          |                    |                           |

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.