

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)

July 2023

| Fund Category | Fund Manager | Benchmark ^{1, 2} | Inception Date | AUM |
|---------------|--|-----------------------------------|----------------|---------------|
| Low Duration | Shriram Ramanathan and Mahesh Chhabria | NIFTY Low Duration Debt Index B-I | 04 Dec 2010 | Rs. 453.24 Cr |

| Quantitative Data | | Minimum Investment | | |
|-------------------|-------------|------------------------|--------------|--------------------------------|
| Average Maturity | 9.8 Months | Lumpsum ₹ 5,000 | SIP ₹ 500 | Additional Purchase ₹ 1,000 |
| Modified Duration | 8.91 Months | Exit Load / Entry Load | | |
| Macaulay Duration | 9.39 Months | | | |
| Yield to Maturity | 7.42% | 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.

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 30 June 2023

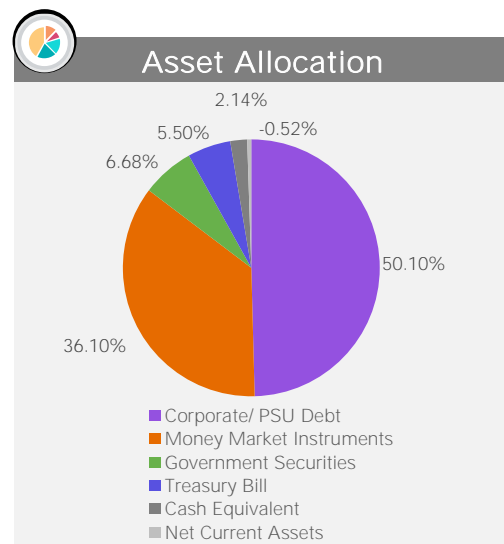
The fund has undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

Portfolio

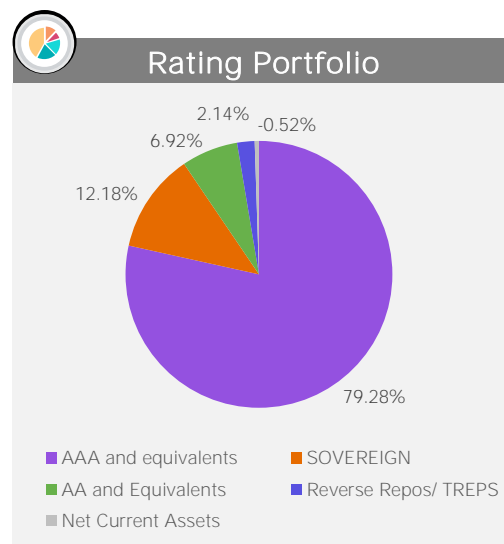
| Issuer | Rating | % to Net Assets |
|--|------------------------|-----------------|
| Corporate Bonds / Debentures | | 50.10% |
| National Bank for Agriculture & Rural Development | CRISIL AAA ICRA AAA | 7.64% |
| Bajaj Housing Finance Limited | CRISIL AAA | 5.90% |
| Small Industries Development Bank of India | CARE AAA | 5.85% |
| Power Finance Corporation Limited | CRISIL AAA | 5.83% |
| Reliance Industries Limited | CRISIL AAA | 5.82% |
| Bharti Telecom Limited | CRISIL AA+ | 5.80% |
| REC Limited | CRISIL AAA | 5.56% |
| Embassy Office Parks REIT | CRISIL AAA | 4.38% |
| Indian Oil Corporation Limited | CRISIL AAA | 2.20% |
| TMF Holdings Limited | CRISIL AA | 1.12% |
| Money Market Instruments | | |
| Certificate of Deposit | | 27.83% |
| Kotak Mahindra Bank Limited | CRISIL A1+ | 5.47% |
| ICICI Bank Limited | ICRA A1+ | 5.37% |
| Bank of Baroda | IND A1+ | 5.36% |
| Canara Bank | CRISIL A1+ | 5.35% |
| Export Import Bank of India | CRISIL AAA | 5.25% |
| Small Industries Development Bank of India | CRISIL A1+ | 1.03% |
| Commercial Paper | | 8.27% |
| Cholamandalam Investment & Finance Company Limited | CRISIL A1+ | 5.14% |
| Shriram Finance Limited | CRISIL A1+ | 3.13% |
| Government Securities | | 6.68% |
| GOI FRB 04Oct2028 | SOVEREIGN | 5.58% |
| 6.69% GOI 27JUN2024 | SOVEREIGN | 1.10% |
| Treasury Bill | | 5.50% |
| 182 DAYS T-BILL 13JUL23 | SOVEREIGN | 5.50% |
| Cash Equivalent | | 1.62% |
| TREPS* | | 2.14% |
| Net Current Assets: | | -0.52% |
| Total Net Assets as on 30-JUNE-2023 | | 100.00% |

*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>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 SID under the section "Asset Allocation Pattern"). A relatively low 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">• Liquidity over short term• Investment in Debt / Money Market Instruments such that the Macaulay^ duration of the portfolio is between 6 months to 12 months <p><small>* 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.</small></p> <p>Note on Risk-o-meters: Riskometer is as on 30 June 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>Benchmark Index: NIFTY Low Duration Debt Index B-I</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 30 June 2023,

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