

## 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 SID under the section "Asset Allocation Pattern"). 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)

February 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. 457.22 Cr

Quantitative Data	
Average Maturity	7.64 Months
Modified Duration	6.91 Months
Macaulay Duration	7.32 Months
Yield to Maturity	7.12%

Minimum Investment		
Lumpsum ₹ 5,000	SIP ₹ 500	Additional Purchase ₹ 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.
- Relatively lower interest rate volatility at present due to moderate 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. Data as on 31 Jan 2023

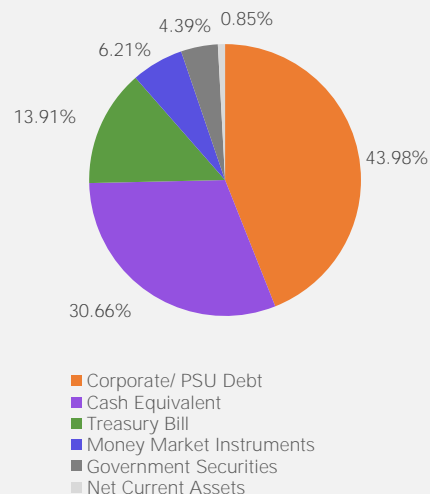
The fund has undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

## Portfolio

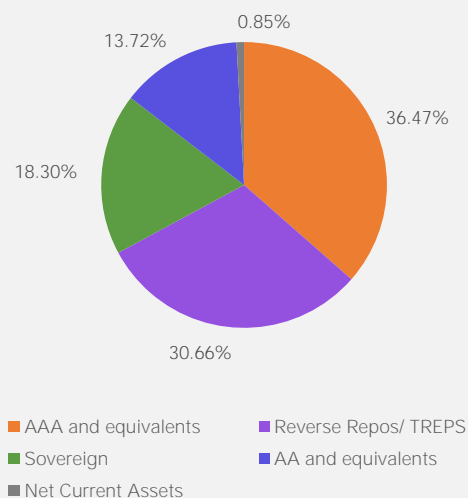
Issuer	Rating	% to Net Assets
<b>Corporate/ PSU Debt</b>		
<b>Corporate Bonds / Debentures</b>		<b>43.98%</b>
National Housing Bank	CRISIL AAA	6.55%
Muthoot Finance Limited	CRISIL AA+	5.86%
Small Industries Development Bank of India	ICRA AAA	5.63%
Small Industries Development Bank of India	CARE AAA	5.61%
Bharti Telecom Limited	CRISIL AA+	5.54%
Embassy Office Parks REIT	CRISIL AAA	4.33%
Power Grid Corporation of India Limited	CRISIL AAA	4.01%
ONGC Petro Additions Limited (Letter of comfort from Oil & Natural Gas Corporation Limited)	ICRA AAA (CE)	3.47%
Tata Steel Limited	CARE AA+	2.32%
NIIF Infrastructure Finance Limited	ICRA AAA	0.66%
<b>Money Market Instruments</b>		
<b>Commercial Paper</b>		<b>6.21%</b>
Housing Development Finance Corporation Limited	CRISIL A1+	6.21%
<b>Government Securities</b>		<b>4.39%</b>
07.32% GS 28JAN2024	SOVEREIGN	3.29%
6.69% GOI 27JUN2024	SOVEREIGN	1.10%
<b>Treasury Bill</b>		<b>13.91%</b>
182 DAYS T-BILL 08JUN23	SOVEREIGN	5.34%
182 DAYS T-BILL 13JUL23	SOVEREIGN	5.31%
182 DAYS T-BILL 23FEB23	SOVEREIGN	2.18%
182 DAYS T-BILL 23MAR23	SOVEREIGN	1.08%
<b>Cash Equivalent</b>		<b>31.51%</b>
<b>TREPS*</b>		<b>30.66%</b>
<b>Net Current Assets</b>		<b>0.85%</b>
<b>Total Net Assets as on 31-JANUARY-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^ duration of the portfolio is between 6 months to 12 months</li></ul> <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><b>Note on Risk-o-meters:</b> Riskometer is as on 31 Jan 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 → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
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 Jan 2023,

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