

Frequently Asked Questions (FAQs) - RedHex Hybrid Long-Short Fund

What is a Specialized Investment Fund (SIF)?

A Specialized Investment Fund, or SIF, is a SEBI regulated investment category under the SEBI (Mutual Funds) Regulations (2026) as amended from time to time. It is designed for investors seeking strategy-driven exposure across equity, debt or hybrid portfolios and has advanced derivative exposure as compared to Mutual Funds.

What is the RedHex Hybrid Long-Short Fund?

RedHex Hybrid Long-Short Fund is an interval investment strategy that invests in equity and debt securities, including limited short exposure in equity and debt through derivatives. The strategy aims to generate regular returns and capital appreciation through a combination of fixed income accruals, arbitrage opportunities and active risk management.

What investment gap does this strategy aim to address?

The strategy is designed to bridge the gap between traditional Mutual Funds and PMS/AIF products by combining the transparency and regulatory oversight of mutual funds with greater portfolio flexibility.

Who is the target investor for this strategy?

The strategy is targeted towards affluent investors, institutional investors and HNIs seeking an intermediate investment option with relatively higher flexibility, tax efficiency, and potential return enhancement compared to traditional debt products.

What is the minimum investment amount?

The minimum application amount is Rs. 10,00,000 and in multiples of Re. 1 thereafter. For accredited investors, the minimum investment amount is Rs. 1,00,000.

What is the minimum additional purchase amount?

INR 1,000/- per application and in multiples of Re. 1/- thereafter

What are the plans and options available?

Plans: Direct Plan, Regular Plan

Options: Growth; IDCW (Income Distribution cum Capital Withdrawal)

IDCW sub-options: Payout, Reinvestment

IDCW frequency: Annual or such other frequency as may be decided by the Trustee Company Board

Defaults: Growth is default option; IDCW Reinvestment is default sub-option if IDCW is selected.

What are the NFO dates for RedHex Hybrid Long-Short Fund?

NFO opens on 02 June 2026 & closes on 16 June 2026

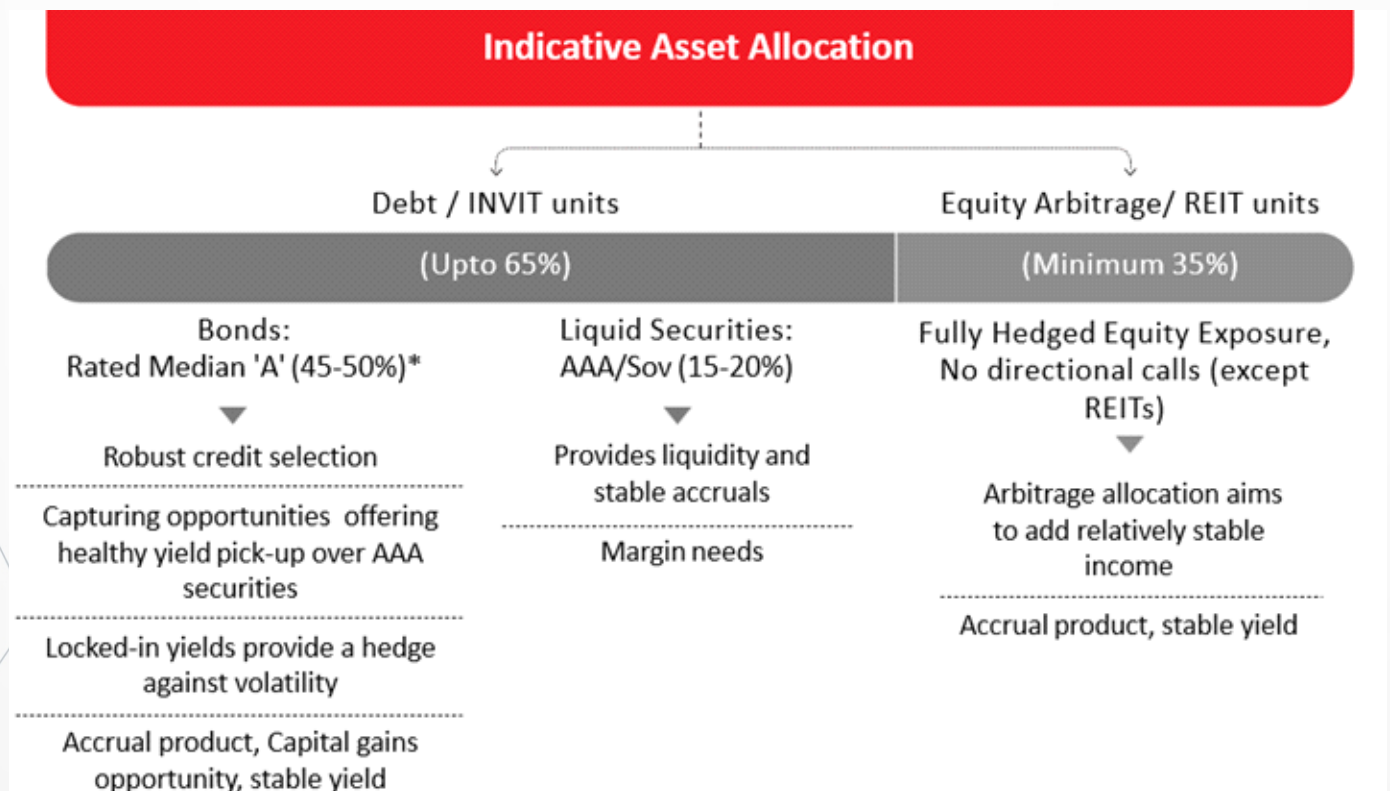
How is this strategy different from traditional debt funds?

Unlike traditional debt funds, the strategy combines:

- Credit opportunities in debt instruments
- Equity arbitrage exposure
- REIT/InvIT exposure

This structure seeks to provide better post-tax efficiency and diversified sources of return while maintaining transparency and risk controls.

What are the key components of the portfolio?



Source – HSBC Asset Management India, *Securities purchased can be lower or higher than 'A' rating. The aforesaid details indicates the tentative portfolio construct of the strategy post the launch of the same. The portfolio positioning would be based on prevailing market conditions and would be subject to changes depending on the fund managers views. For details on the strategy and asset allocation refer ISID.

Who can invest & who cannot invest in SIF?

Eligible categories include Resident individuals, NRIs, HUF, Minors via Guardian, Companies, Trusts, FPIs, etc.

Not eligible include US Persons, Residents of Canada, FATF non-compliant jurisdictions, Sanctioned persons, etc. (as detailed in the ISID)

What kind of equity exposure does the strategy take?

The strategy primarily uses fully hedged equity arbitrage positions and does not take significant directional equity calls, except limited REIT exposure.

How does the strategy aim to generate returns?

The strategy aims to generate returns through:

- Accrual income from debt instruments
- Yield enhancement opportunities
- Spread compression and potential rating upgrades
- Equity arbitrage opportunities
- REIT/InvIT income and appreciation potential

Why does the strategy invest in 'A' rated bonds?

The strategy seeks opportunities in 'A' rated issuers where there may be potential for rating upgrades and spread compression over time, which may contribute to capital appreciation alongside accrual income.

How does the strategy manage credit risk?

The fund house follows a structured internal credit assessment process that includes:

- Bottom-up credit evaluation
- Internal long-term and short-term ratings
- Management meetings and site visits
- Liquidity analysis
- Ongoing monitoring through Early Warning Signals (EWS) framework

What is the Early Warning Signals (EWS) framework?

The EWS framework monitors issuers across five parameters:

- Sharp share price movements
- External rating actions
- Sharp yield/spread movements
- News, credit events and rumours
- Corporate governance and litigation developments

This helps strengthen ongoing credit risk monitoring and timely risk management actions.

What are the potential tax advantages of this strategy?

The strategy aims to offer better post-tax efficiency compared to certain traditional debt products because listed investments held for over one year may qualify for long-term capital gains taxation at 12.5%, subject to prevailing tax laws.

How frequently can investors subscribe and redeem?

Subscription frequency: Daily (all business days)

Redemption frequency: Every Monday, subject to a 10-working day notice period

Is there any exit load?

Yes.

2% exit load if redeemed/switched out on or before 1 year from allotment

Nil exit load after 1 year from allotment

What benchmark does the strategy use?

The benchmark for the strategy is the NIFTY 50 Hybrid Composite Debt 50:50 Index.

Who are the fund managers of this fund?

The investment strategy is managed by an experienced multi-asset team:

- **Debt, REITs and InvITs:** Shriram Ramanathan
- **Equity:** Venugopal Manghat
- **Arbitrage:** Praveen Ayathan
- **Foreign Securities:** Mayank Chaturvedi

What are the key advantages highlighted for this strategy?

Key advantages include:

- Targeting high accrual benefits with low volatility
- Diversified sources of returns
- Tax and risk-return efficiency
- Strong risk management framework
- Experienced investment team managing credit and arbitrage opportunities

What are the major risks investors should be aware of?

Investments in Specialized Investment Funds involve relatively higher risks including:

- Potential loss of capital
- Liquidity risk
- Credit risk
- Market volatility
- Interest rate risk

Investors should read all investment strategy documents carefully before investing.

What is the risk profile of the strategy?

The product is positioned as suitable for investors seeking income and capital appreciation over the medium to long term through investments in fixed income and equity-related securities, including limited short exposure through derivatives.

Why is the strategy described as “the missing piece in core asset allocation”?

The strategy seeks to offer a middle ground between traditional fixed income products and higher-risk alternative investments by combining:

- Regulatory transparency
- Portfolio flexibility
- Lower minimum investment thresholds than AIFs
- Diversified income generation opportunities
- Active risk management

How can investors apply?

Investors can apply in Physical or Demat form via:

- (a) AMC Investor Service Centers / CAMS Service Centers / Official Points of Acceptance
- (b) HSBC Website(www.assetmanagement.hsbc.co.in/redhex-sif)
- (c) CAMS online portal (camsonline.com)
- (d) MF Utilities (mfuonline.com)
- (e) Exchange (BSE STAR and NSE MFSS)
- (f) Go Corp (Non-Individual Investors)
- (g) Corporate Investors can send transactions on a designated email id. Transactions submitted in electronic mode by specified banks, financial institutions, distributors etc., on behalf of investors, with whom HSBC Asset Management (India) Pvt Ltd. has entered or may enter into specific arrangements.

*SIF Investments through WhatsApp & Chatbot are not allowed

What is the taxation structure applicable to SIF?

RedHex Hybrid Long-Short Fund is a listed fund (other than Equity oriented Mutual Fund and Specified Mutual Fund). Below is the tax implication on income distribution and capital gain:

Fund (other than Equity oriented Mutual Fund and Specified Mutual Fund): Particulars		
Particulars	Investors	Tax Withholding
Income distribution (IDCW)	Income distributed would be taxable in the hands of unitholders as per applicable slabs**	Resident investor: 10%** tax needs to be deducted on income distributed (not applicable to capital gain)
		Non-Resident investor: 20%** tax needs to be deducted in case of payment to NRI and Non- Domestic company / Foreign Company
Capital Gain:		
Long Term (Holding period greater than 12 months for listed fund and 24 months for unlisted fund)	12.5%** without cost Inflation indexation and foreign currency fluctuation benefits.	Resident Investor: Nil
		Non-Resident Indian and Non-Domestic company/Foreign company: 12.5%**@ TDS without cost inflation indexation and foreign currency fluctuation benefits.

Fund (other than Equity oriented Mutual Fund and Specified Mutual Fund): Particulars		
Particulars	Investors	Tax Withholding
Short Term (other than long term)	Income tax rate applicable to the Unit holders as per their income slabs**	Resident Investor: Nil
		Non-Resident Investor: 30%**^@ tax needs to be deducted in case of payment to Non-Resident Indian, and 35%**@ in case of non-domestic company/Foreign company.

^ Maximum 30 percent per slab

** the above rates need to be increased by applicable surcharge and health and education cess.

@Non-resident investors may be eligible for treaty benefit depending upon the facts of the case.

The same has not been captured above.

Source: Bloomberg, HSBC Asset Management India, Data as on 30 April 2026

Past performance may or may not be sustained in future and is not a guarantee of any future returns

To provide investors an easy understanding of the kind of product/investment strategy they are investing in and its suitability to them, the product labeling is as under:

RedHex Hybrid Long-Short Fund

(An interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives)

This product is suitable for investors who are seeking*:	Investment strategy Risk band	Benchmark Risk band
<ul style="list-style-type: none"> Income and capital appreciation over medium to long term Investment in fixed income as well as equity and equity related securities 	<p style="text-align: center;">RISK BAND</p> <p style="text-align: center;">LOWER RISK HIGHER RISK</p> <p style="text-align: center;"> 1 2 3 4 5 </p> <p style="text-align: center;">RISK LEVEL 2</p>	<p>As per AMFI Tier I Benchmark Index: NIFTY 50 Hybrid Composite Debt 50:50 Index</p> <p style="text-align: center;">RISK BAND</p> <p style="text-align: center;">LOWER RISK HIGHER RISK</p> <p style="text-align: center;"> 1 2 3 4 5 </p> <p style="text-align: center;">RISK LEVEL 3</p>

* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made.

Source: HSBC Asset Management India, Data as on 30 April 2026

Please read [Investment Strategy Information Document \(ISID\)](#) of the Fund for more details.

Disclaimer

Note – Views provided above are based on information available in public domain and subject to change. Investors should not consider the same as investment advice and requested to consult their financial advisor for any investment decision applicable to their investment appetite.

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Investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.