



## Scheme Information Document

### HSBC Asia Pacific (Ex Japan) Dividend Yield Fund

(An open ended fund of fund scheme investing in HSBC Global Investment Funds - Asia Pacific Ex Japan Equity High Dividend Fund)

#### Continuous Offer of Units at NAV based prices

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI), along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund/Investor Service Centres/Website/Distributors or Brokers. Investors in the Scheme are not being offered any guaranteed/assured returns. Investors are advised to consult their Legal/Tax and other Professional Advisors in regard to tax/legal implications relating to their investments in the Scheme before making decision to invest in or redeem the Units.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of HSBC Mutual Fund, Tax and Legal issues and general information on [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in).

SAI is incorporated by reference (is legally a part of the Scheme Information Document. For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in).

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated April 28, 2023.

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

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
<b>HSBC Asia Pacific (Ex Japan) Dividend Yield Fund</b> (An open ended fund of fund scheme investing in HSBC Global Investment Funds - Asia Pacific Ex Japan Equity High Dividend Fund) <b>This product is suitable for investors who are seeking*:</b> <ul style="list-style-type: none"> <li>▶ To create wealth over long-term</li> <li>▶ Investment in equity and equity related securities of Asia Pacific countries (excluding Japan) through fund of funds route</li> </ul>	 <p><b>Investors understand that their principal will be at Very High risk</b></p>	<b>Benchmark Index : MSCI AC Asia Pacific ex Japan TR</b> 

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

**Note on Risk-o-meters:** Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2023. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

<b>Sponsor:</b> <b>HSBC Securities and Capital Markets (India) Private Limited</b> CIN – U67120MH1994PTC081575 Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, India.	<b>Trustee:</b> <b>Board of Trustees</b> 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India	<b>Asset Management Company:</b> <b>HSBC Asset Management (India) Private Limited</b> CIN – U74140MH2001PTC134220 Regd. & Corp. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India
--	--	--

## TABLE OF CONTENTS

	Page No.		Page No.
Highlights/Summary of the Scheme .....	1	Listing .....	28
<b>SECTION I - INTRODUCTION</b>		Policy regarding reissue of Repurchased units .....	28
Risk Factors .....	3	Option to hold Units in Dematerialized (Demat) form .....	28
Standard Risk Factors: .....	3	Restrictions on the Right to freely retain or dispose of units .....	28
Scheme Specific Risk Factors .....	3	Sale, Repurchase and Switch of Units on On-going Basis ..	31
Requirement of Minimum Investors in the Schemes .....	6	Ongoing price for subscription (purchase)/switch-in .....	32
Special Considerations .....	6	Ongoing price for redemption (sale) /switch outs .....	32
Definitions .....	8	Cut off timings for subscriptions / redemptions / switch- ins / switch-outs .....	32
Due Diligence by the Asset Management Company .....	11	Minimum Amount for Application/Purchase / Redemption / Switches .....	33
<b>SECTION II - INFORMATION ABOUT THE SCHEMES</b>		Minimum balance to be maintained .....	33
Type of the Scheme .....	12	Special Products/Facilities available/offered to the investors .....	33
Investment Objective .....	12	Account Statement (for investors holding units in physical mode) .....	35
Asset Allocation of the Scheme .....	12	Dividends and Distributions .....	36
Where Will the Scheme Invest? .....	12	Delay in payment of Dividend proceeds .....	36
Portfolio Re-Balancing .....	12	Redemption/Repurchase proceeds .....	36
Change in Investment Pattern .....	12	Delay in payment of Redemption / Repurchase proceeds ....	36
Procedure followed for Investment Decisions .....	12	Duration of the Scheme/Winding up .....	36
Investment Strategy .....	13	Procedure and Manner of Winding up .....	37
Investment Approach and Risk Control .....	13	<b>Periodic Disclosures</b> .....	37
Investments by the AMC in the Scheme .....	13	Net Asset Value .....	37
Segregated Portfolio .....	13	Portfolio Disclosure .....	37
Processing of Subscription and Redemption Proceeds .....	14	Half yearly Disclosures: Financial Results .....	38
Risks associated with Segregated Portfolio .....	15	Annual Report .....	38
Overview of Underlying Scheme .....	16	Associate Transactions .....	38
Product Differentiation .....	19	Disclosures with respect to Segregated Portfolio .....	38
Fundamental Attributes .....	20	Taxation .....	38
Scheme Benchmark .....	20	Investor Services .....	39
Who Manages the Scheme? .....	20	Computation of NAV .....	39
What are the Investment Restrictions? .....	21	Fractional Units .....	39
Policy on Offshore Investments by the Scheme .....	22	Policy on computation of NAV in case of investment in Foreign Securities .....	39
Monitoring Limits on Investments in Overseas Securities ..	22		
Scheme Performance .....	22	<b>SECTION IV - FEES AND EXPENSES</b> .....	41
Scheme Portfolio Holdings .....	23	New Fund Offer (NFO) expenses .....	41
Portfolio Turnover .....	23	Annual Scheme Recurring expenses .....	41
Investment by Directors, Fund Manager's and Key Personnel of the AMC .....	23	Total Expense Ratio (TER) for the Segregated Portfolio ....	42
Expenses of Underlying Scheme .....	23	Goods and Service Tax .....	42
<b>SECTION III - UNITS AND OFFER</b>		Load Structure .....	42
<b>Ongoing Offer Details</b> .....	24	Deduction of transaction charge for investments through Distributors/Agents .....	43
Plans/Options/Sub-options offered under the Scheme .....	24	Waiver of Load for Direct Applications .....	43
Treatment of Financial Transactions received through Suspended Distributors .....	25		
Dividend Distribution Policy .....	25	<b>SECTION V - RIGHTS OF UNITHOLDERS</b>	
Who can invest? .....	25	Unitholders' Rights .....	44
Who cannot invest? .....	25		
Process for Investments made in the name of a Minor through a Guardian .....	27	<b>SECTION VI - PENALTIES AND PENDING LITIGATIONS</b>	
Where can you submit the filled up Applications .....	27	Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations for which action may have been taken or is in the process of being taken by any Regulatory Authority .....	44
How to apply? .....	27		
Subscription of Units through Online Platform .....	28		

## HIGHLIGHTS / SUMMARY OF THE SCHEME

<b>Name of the Scheme</b>	<b>HSBC Asia Pacific (Ex Japan) Dividend Yield Fund</b>																
<b>Type of Scheme</b>	An open ended fund of fund scheme investing in HSBC Global Investment Funds - Asia Pacific Ex Japan Equity High Dividend Fund.																
<b>NSDL Scheme Code</b>	HSBC/O/O/FOO/13/09/0014																
<b>Investment Objective</b>	To provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds (HGIF) Asia Pacific Ex Japan Equity High Dividend Fund (HEHDF). The Scheme may also invest a certain proportion of its corpus in money market instruments and /or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.																
<b>Liquidity</b>	Being an open ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load, if any. As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the Fund shall transfer the redemption / repurchase proceeds within 5 working Days, from the date of acceptance of redemption request.  Further, as per AMFI circular no. AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, in case of exceptional situations the AMC might follow the additional time lines for making redemption payments.																
<b>Tier 1 Benchmark Index</b>	MSCI AC Asia Pacific ex-Japan TRI. The Fund reserves the right to change the benchmark for evaluation of the performance of the Scheme from time to time, subject to SEBI Regulations and other prevailing guidelines, if any.																
<b>Transparency / NAV Disclosure</b>	NAV of the Scheme / Option(s) shall be made available at all Investor Service Centers of the AMC. The AMC shall update the NAVs under a separate head on the website of the Fund <a href="http://www.assetmanagement.hsbc.co.in">www.assetmanagement.hsbc.co.in</a> and of the Association of Mutual Funds in India - AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ) by 10.00 a.m. on the next Business Day. In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of Business Hours on the following day due to any reason, the Fund shall issue a press release giving reasons and explaining when the Fund would be able to publish the NAVs. Further, AMC has extended the facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request for the same. For detailed process of receiving the latest NAV through SMS, please visit <a href="http://www.assetmanagement.hsbc.co.in">http://www.assetmanagement.hsbc.co.in</a>																
<b>Face Value</b>	Rs. 10/- per unit																
<b>Loads (including SIP/STP where applicable)</b>	<p><b>Entry Load*:</b> Nil</p> <p><b>Exit Load :</b></p> <p>(i) In respect of each purchase/switch-in of Units, an Exit Load of 1% is payable if Units are redeemed/switched-out within 1 year from the date of allotment.</p> <p>(ii) No Exit Load will be charged, if Units are redeemed/switched-out after 1 year from the date of allotment.</p> <p>The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.</p> <p>*In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged to the investor effective August 1, 2009.</p>																
<b>Minimum Application Amount (Lumpsum)</b>	Rs. 5,000/- and multiples of Re. 1/- thereafter. Minimum application amount is applicable for switch-ins as well. SEBI vide its circular SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553 dated April 28, 2021 read along with SEBI/HO/IMD/IMD-IDOF5/P/CIR/2021/624 dated September 20, 2021 (Alignment of interest of Designated Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes) has, inter alia mandated that upto 20% of gross annual CTC net of income tax and any statutory contributions of the Designated Employees of the AMCs shall be invested in units of the scheme(s) of the Fund in which they have a role/oversight. The said guidelines came into effect from the October 1, 2021.  In accordance with the regulatory requirement, the minimum application amount and minimum redemption amount wherever specified in the SID of the Fund will not be applicable for investment made in schemes of the Fund in compliance with the aforesaid circular(s)																
<b>Minimum Additional investment</b>	Rs 1,000/- per application & in multiples of Re. 1/- thereafter																
<b>Minimum Application Amount (SIP)</b>	<table border="1"> <thead> <tr> <th>Frequency</th> <th>Minimum Amount</th> <th>Minimum installments</th> <th>Dates</th> </tr> </thead> <tbody> <tr> <td>Weekly</td> <td>Rs. 500 and in multiples of Re. 1/- thereafter</td> <td>12 installments</td> <td rowspan="3">Any Date of the month</td> </tr> <tr> <td>Monthly</td> <td>Rs. 1,000 and in multiples of Re. 1/- thereafter</td> <td>6 installments</td> </tr> <tr> <td>Quarterly</td> <td>Rs. 1,500 and in multiples of Re. 1/- thereafter</td> <td>4 installments</td> </tr> </tbody> </table>	Frequency	Minimum Amount	Minimum installments	Dates	Weekly	Rs. 500 and in multiples of Re. 1/- thereafter	12 installments	Any Date of the month	Monthly	Rs. 1,000 and in multiples of Re. 1/- thereafter	6 installments	Quarterly	Rs. 1,500 and in multiples of Re. 1/- thereafter	4 installments	Minimum aggregate investment - Rs. 6,000/- and in multiples of Re. 1/- thereafter.	
Frequency	Minimum Amount	Minimum installments	Dates														
Weekly	Rs. 500 and in multiples of Re. 1/- thereafter	12 installments	Any Date of the month														
Monthly	Rs. 1,000 and in multiples of Re. 1/- thereafter	6 installments															
Quarterly	Rs. 1,500 and in multiples of Re. 1/- thereafter	4 installments															
<b>Minimum Redemption Amount</b>	Rs. 500 in multiples of Re. 1 or 50 Units in multiples of 0.01 units																

<b>Plan /Options</b>	<p><b>Options:</b> i) Growth option    ii) Income Distribution cum Capital Withdrawal option (IDCW)</p> <p>A Direct Plan (with the above Options) is also available for investors who subscribe to Units directly with the Fund. Plans and Options thereunder will have a common portfolio.</p> <p>Investors may please note that the Direct Plan under the Scheme is meant for investors who understand the capital market, mutual funds and the risks associated therewith. The risks associated with the investments in the schemes of mutual funds may vary depending upon the investment objective, asset allocation and investment strategy of the Schemes and the investments may not be suited for all categories of investors. The AMC believes that investors investing under the Direct Plan of the Scheme are aware of the investment objective, asset allocation, investment strategy, risks associated therewith and other features of the Scheme and has taken an informed investment decision. Please note that SID, SAI, Key Information Memorandum or any other advertisements and its contents are for information only and do not constitute any investment advice or solicitation or offer for sale of units of the Scheme from the AMC.</p>
<b>Sub Options under IDCW</b>	<p>i) Payout of IDCW</p> <p>ii) Reinvestment of IDCW</p>
<b>Dividend Declaration</b>	<p>Declaration of dividend and its frequency will inter alia depend upon the distributable surplus. Dividend may be declared from time to time at the discretion of the Trustees.</p> <p>Investors may please note that amounts distributed under the Income Distribution cum Capital Withdrawal options, can be made out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains.</p>

**Notes:** Entry/Exit Load: In terms of SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009, no entry load will be charged to investors effective August 1, 2009.

### A. RISK FACTORS

#### Standard Risk Factors:

- Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal
- As the price/value/yield of the securities in which the Scheme invests fluctuates, the value of your investment in the Schemes may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Schemes.
- HSBC Asia Pacific (Ex Japan) Dividend Yield Fund is the name of the Scheme and do not in any manner indicate either the quality of the Scheme or their future prospects and returns.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1,00,000/- (Rupees One Lakh only) made by it towards setting up the Fund. The associates of the Sponsor are not responsible or liable for any loss or shortfall resulting from the operation of the Scheme.
- The present Scheme is not a guaranteed or assured return Scheme.
- Mutual funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors which impact the value of the Schemes' investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- Investment decisions made by the AMC shall be in the best interest of investors but may not always be profitable.

#### Scheme Specific Risk Factors

##### Risk factors associated with the Scheme

Investments in the Underlying scheme, which also consist of equity funds, will have all the risks associated with investments in equity and the offshore markets.

- The portfolio disclosure of the Scheme will be largely limited to the investments made by the Scheme.
- The investor will be exposed to the risk of the global markets and currency risk arising out of the investment in the Underlying scheme in securities which are denominated in foreign currencies (eg US Dollars). The investor will also be prone to delays in redemption if the global market is closed.
- This being a fund of funds Scheme, the investors should note that the expenses to be borne by the investor include the recurring expenses of the Underlying scheme in which Fund of Funds Scheme makes investments subject to the maximum limits prescribed under sub-regulation 6 & 6A of Regulation 52 of the SEBI Regulations.
- If the Underlying scheme declares a non-business day, the AMC will also declare it a non-business day. If this information is received later in the day and the local feeder fund has already accepted transaction, such transactions will be processed at the NAV of the next business day. This may impact liquidity of investors of local scheme.
- **Liquidity risk of underlying instruments:** There could be liquidity risk on account of illiquid underlying holdings

- To maintain liquidity at the feeder fund level, the AMC will invest upto 5% in Money Market instruments (including TREPS & reverse repo in government securities) and units of domestic mutual funds to provide from a liquidity perspective.
- **Restructuring/Rescheduling Risk:** There could be cases of restructuring/re-scheduling of particular debt /money market instruments held in the portfolio which could result in the maturity of these instruments going beyond the original maturity date of the instrument. In such cases the fund manager may be constrained to sell these instruments in the market at realizable value and pass on the loss/impact to investors under the Scheme.

#### Risks associated with investing in derivatives, securitized debt, short selling and securities lending

The Scheme will not take any exposure to the above mentioned securities or participate in short selling or securities lending. However the Underlying scheme may take exposure to the above mentioned securities. Refer risk factors associated with the same below for Underlying scheme.

#### Risk associated with short selling and securities lending Underlying schemes

*Short Selling Risk:* The risk associated with upward movement in market price of security sold short may result in loss. The losses on short position may be unlimited as there is no upper limit on rise in price of a security.

*Securities Lending:* The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme(s) and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

#### Risk Factors associated with investments in Money Market instruments

- Investments in money market instruments would involve a moderate credit risk i.e. risk of an issuer's liability to meet the principal payments.
- Money market instruments may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of credit worthiness of the issuer of such instruments.
- The NAV of the Scheme's Units, to the extent that the corpus of the Scheme is invested in money market instruments, will be affected by the changes in the level of interest rates. When interest rates in the market rise, the value of a portfolio of money market instruments can be expected to decline.

#### Risk factor associated with Legal, Tax and Regulatory risk

The Scheme could be exposed to changes in legal, tax and regulatory regime which may adversely affect it and/or the investors. Such changes could also have retrospective effect and could lead to additional taxation imposed on the Scheme which was not contemplated either when investments were made, valued or disposed off.

#### Risk Factors of Underlying scheme (HGIF Asia Pacific Ex Japan Equity High Dividend Fund)

The Underlying scheme having exposure to equity and equity related securities will be subject to the following risks which may in turn affect the performance of the Scheme. There can be no assurance

that the Underlying scheme will achieve its investment objectives and past performance should not be seen as a guide to future returns.

### Risks associated with Underlying scheme investing in Equity & Equity related securities

- Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. In the view of the Fund Manager, investing in mid and small cap stocks are riskier than investing in large cap stocks.
- *Market /Investment Risk:* Many of the Asian markets are emerging markets. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, market volatility (such as interest rate and price volatility) and regulatory risks.
- *Currency Risk:* Investors investing in this fund will be exposed to currency risk as Indian investors will invest in INR in India and the fund will invest in USD in the Underlying scheme. The Underlying scheme in-turn may take exposure in multiple currencies (such as USD, HKD and EURO). As the Underlying scheme will invest in securities which are denominated in foreign currencies (e.g. US Dollars), fluctuations in the exchange rates of these foreign currencies may have an impact on the income and value of the Scheme. The assets in which the Underlying scheme is invested and the income from the assets will or may be quoted in currencies which are different from the Underlying scheme's base currency. The performance of the Underlying scheme will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the Underlying scheme's base currency and hence there can be the prospect of additional loss or the prospect of additional gain to the investors greater than the usual risks of investment. The performance of the Underlying scheme may also be affected by changes in exchange control regulations.  
The investment manager to the Underlying scheme is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve the desired result. Being an open-ended Scheme, the investors can enter and exit at any time. Since each investor's horizon is different, investor who wish to hedge could undertake it at their end.
- *Credit Risk:* As the feeder fund can only invest in money market instruments, the credit risk is minimal. The investment in money market instruments are only from a cash management perspective.
- *Communication Risk:* This product will require greater coordination between HSBC Asset Management India Operations and HSBC Global Operations team. A robust communication and escalation model will be put in place which is periodically, revisited (quarterly) to account for changes in people /process /systems.
- *Swing Pricing Risk:* There are trading and associated transaction costs involved when there are significant inflows into or significant outflows from the Underlying scheme. The dealing charges incurred as a result of such significant flows fall not on only those investors who have just transacted but on all the investors in the fund thereby diluting the value of existing shareholders' holding. Introduction of Swing pricing aims to protect the interest of the existing investors from some of the performance dilution that they may suffer as a result of significant inflows and outflows from the fund. It is a process whereby the NAV of the fund is swung or adjusted when a predetermined net capital activity threshold (or swing threshold) is exceeded. Thus, if net subscriptions are above the swing threshold, the NAV per share

is swung up by the swing factor. Conversely, if net redemptions are above the swing threshold, the NAV per share is swung down by the swing factor. The swing threshold has been set at a level by the Underlying scheme which it believes best manages the objective of protecting existing shareholders from NAV dilution by capturing a significant percentage of the gross amount of deals on any fund whilst maintaining a reasonable level of fund volatility by not swinging the NAV all the time.

### Adjusted NAV Calculation: Subscription Example -

- Using the following swing pricing criteria:
  - The swinging threshold is 0.5% of the underlying scheme's Net Assets
  - The swing factor on the offer (net subscriptions above the threshold) is 1.0%
  - The swing factor on the bid (net redemptions below the threshold) is 0.5%
- Assume the following fund data :

Total net assets (US\$)	Net subscriptions (US\$)	No. of shares
US\$ 100,000,000	US\$ 600,000	1,000,000

- Net subscriptions = US\$600,000
- The swinging threshold = Total Net Assets x 0.5% = US\$100,000,000 x 0.5% = **US\$500,000**
- As the net inflows exceed the swinging threshold, the NAV per share has to be adjusted
- Unadjusted NAV per share = Total Net Assets/No. of shares = US\$100,000,000/1,000,000 = **US\$100.00**
- Adjusted NAV per share = NAV per share x (1 + swing factor) = US\$100.00 x (1 + 0.01) = **US\$101.00**
- The NAV is adjusted upwards as net subscriptions have exceeded the swinging threshold.
- Therefore, all investors (including the local Scheme) redeeming or subscribing into the underlying scheme will deal at the adjusted price of US\$101.00 per share. Thus, investors of the underlying scheme (including the local scheme) may be positively or negatively impacted by application of the swing price factor by the underlying scheme, depending upon whether they are subscribing /redeeming on the date of application of swing price factor.
- *Liquidity Risk:* Investors should be aware that the investments of the Underlying scheme could be negatively impacted by low liquidity and poor transparency of some of the exchanges where the investments are made. Investments may also become illiquid which may constrain the ability of the investment manager of the Underlying scheme to realize some or all of the portfolio. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges.
- *Country Risk:* As the underlying portfolio could invest in stocks of different countries, the portfolio shall be exposed to the social, economic, political and settlement risks with respect to each country.
- *Settlement Risks:* The Scheme will be exposed to settlement risk, as different foreign markets may have different settlement periods and the procedures may be different.
- *Stock risk:* The Underlying scheme is exposed to equity markets for all or part of its total assets. The value of these assets can therefore rise or fall and investors may not get back all of their investment.
- *Emerging Market Risk:* As the Underlying scheme could invest in emerging markets, investors are advised to consider carefully the special risks of investing in equity and equity equivalent securities of companies which have their registered office in, and with an official listing on a major stock exchange or other regulated

market of emerging market countries, as well as those companies which carry out a preponderant part of their business activities in emerging market countries. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may as a result of which trading of securities may cease or may be substantially curtailed and prices for a sub-fund's securities in such markets may not be readily available.

- *NAV Alignment Risk:* The cut off timing of NAV is aligned to the Underlying scheme's NAV. HSBC Asset Management India only declares NAV, after receiving the NAV of the Underlying scheme.

### **Risks associated with investing in Foreign Securities**

- *Foreign Securities:* It is the AMC's belief that investment in foreign securities offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.
- Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceiling of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.
- To the extent that the assets of the Scheme will be invested in foreign securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- Changes to the investment objectives or strategies of the Underlying scheme into which the Scheme invest or any change in the regulations in the country where such Underlying scheme is domiciled may affect the performance of the Scheme which invest into such schemes.

### **Risks associated with Underlying scheme investing in Derivatives**

- The underlying fund may use derivative instruments like stock index futures, option on stocks, stock indices, interest rate swaps, forward rate agreements or other derivative instruments as permitted under the Regulations and guidelines.

- As and when the underlying scheme trade in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be perused by the fund manager involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

### **Risk associated with Underlying scheme investing in securitized debt**

*Securitized Debt:* Securitized debt papers carry credit risk of the Obligor and are dependent on the servicing of the PTC/Contributions etc. However these are offset suitably by appropriate pool selection as well as credit enhancements specified by Rating Agencies. In cases where the underlying facilities are linked to benchmark rates, the securitized debt papers may be adversely impacted by adverse movements in benchmark rates. However this risk is mitigated to an extent by appropriate credit enhancement specified by rating agencies. Securitized debt papers also carry the risks of prepayment by the obligors. In case of prepayments of securities debt papers, it may result in reduced actual duration as compared to the expected duration of the paper at the time of purchase, which may adversely impact the portfolio yield. These papers also carry risk associated with the collection agent who is responsible for collection of receivables and depositing them. The Investment team evaluates the risks associated with such investments before making an investment decision.

The underlying assets in the case of investment in securitized debt could be mortgages or other assets like credit card receivables, automobile/vehicle/personal/commercial/corporate loans and any other receivables/loans/debt.

*The risks associated with the underlying assets can be described as under:*

Credit card receivables are unsecured. Automobile/vehicle loan receivables are usually secured by the underlying automobile/vehicle and sometimes by a guarantor. Mortgages are secured by the underlying property. Personal loans are usually unsecured. Corporate loans could be unsecured or secured by a charge on fixed assets/receivables of the company or a letter of comfort from the parent company or a guarantee from a bank/financial institution. As a rule of thumb, underlying assets which are secured by a physical asset/guarantor are perceived to be less risky than those which are unsecured. By virtue of this, the risk and therefore the yield in descending order of magnitude would be credit card receivables, personal loans, vehicle/automobile loans, mortgages and corporate loans assuming the same rating.

## Risks associated with transaction in Units through Stock Exchange mechanism

- In respect of transactions in Units of the Scheme routed through the BSE STAR MF platform or any other recognised stock exchange platform as intimated by the AMC, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by BSE, or such other exchange and their respective clearing corporations on which the Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by BSE or such other recognised exchange in this regard.

## Risks associated with Segregated Portfolio

*Liquidity Risk:* Segregated Portfolio is created to separate debt and money market instruments affected by a Credit Event from the Main Portfolio of the Scheme to ensure fair treatment to existing, entering and exiting investors of the scheme. The Fund will not permit redemption of the Segregated Portfolio units, but the units will be listed on a recognized stock exchange. The Fund is not assuring any liquidity of such units on the stock exchange which may subject investors to impact cost. Further, trading price of units on the stock exchange may be significantly lower than the prevailing NAV. Investors can continue to transact (subscribe/redeem) from the Main Portfolio.

*Credit Risk:* While the AMC will put in sincere efforts to recover the securities in the Segregated Portfolio and distribute the same to unit holders, since such securities are affected by credit event, it is likely that such securities may not realize any value leading to losses to investors.

## Risk Mitigation Factors

- *Market risk:* Investment approach supported by comprehensive research.
- *Currency risk:* Investment Manager of Underlying scheme could use (there is no obligation) derivatives to hedge currency.
- *Country risk:* Investment universe is carefully selected to include high quality businesses.
- *Swing Pricing risk:* The NAV of the Underlying scheme is adjusted to protect the interest of existing investors so that large inflows and outflows from new investors don't impact existing investors of the Underlying scheme.
- *Liquidity risk:* Robust process for periodic monitoring of liquidity.
- *Legal/Tax/Regulatory risk:* This risk is dependent upon a future event and will be clearly communicated to the investor.
- *Emerging market risks and risks associated with foreign investments:* The Fund will, where necessary, appoint intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering foreign investments.

## B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEMES/PLANS OF MUTUAL FUNDS

The Scheme/Plan (s) shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme/Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme/Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter

the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## C. SPECIAL CONSIDERATIONS

- From time to time and subject to the Regulations, the Sponsor, their associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Scheme. These entities may acquire a substantial portion of scheme's units and collectively constitute a major investor in the Scheme. Accordingly, redemption of Units held by such entities may have an adverse impact on the Scheme because the timing of such redemption may impact the ability of other Unitholders to redeem their Units.
- As the liquidity of the Scheme investments could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme' portfolio. In view of this, the Trustees have the right, in their sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled "Right to Limit Redemptions".
- Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise.
- The Scheme at times may receive large number of redemption requests which may have an adverse impact on the performance of the Scheme and may also affect all the unit holders as the fund manager needs to liquidate securities to meet the redemptions post which the portfolio is likely to be less liquid.
- The tax benefits described in this SID are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.
- Neither this SID nor the Units of the Scheme have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this SID are required to inform themselves about, and to observe, any such restrictions.
- Prospective investors should review/study this SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial/investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (sale, transfer, switch or conversion into money) of Units within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift Units are subject, and also to

determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding Units before making an application for Units.

- The Mutual Fund/the AMC have not authorised any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this SID as the same have not been authorised by the Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- To the best of the knowledge and belief of the Trustees and the AMC, information contained in this SID is in accordance with the SEBI regulations and the facts stated herein are correct and this SID does not omit anything likely to have an impact on the importance of such information.

The AMC is also registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322 and is deemed to be registered as such under SEBI (Portfolio Managers) Regulations, 2020. The AMC has proper systems and controls in place to ensure that there is no conflict of interest between the activity of managing the schemes of the Mutual Fund and the activity of Portfolio Management Services and there exist systems to prohibit access to insider information.

Further, an asset management company, subject to certain conditions, may also be permitted to undertake activities in the nature of management and advisory services to pooled assets including offshore funds, insurance funds, pension funds, provident funds or such categories of foreign portfolio investor subject to such conditions as may be specified by SEBI from time to time, if any of such activities are not in conflict with the activities of the mutual fund. Accordingly, the AMC is also providing non-binding advisory services to HSBC Group's offshore funds, which are appropriately regulated foreign portfolio investors investing in India, through the fund managers managing the schemes of the Fund, as permitted under Regulation 24(b) of the Regulations. SEBI vide its email dated November 26, 2020, accorded its no objection to the AMC for providing such non-binding investment advisory services to HSBC Group's offshore funds, which are appropriately regulated foreign portfolio investors, by the fund managers of the schemes of the Fund. The AMC has proper systems and controls in place to ensure that (a) there is no conflict of interest between the activities of managing the schemes of the Fund and other activities of the AMC; and (b) interest of the unit holders of the schemes of the Fund are protected at all times. In case of an unavoidable conflict of interest situation, the AMC shall make appropriate disclosures in an appropriate manner, which shall include the source of conflict, potential 'material risk or damage' to the Fund's investors' interests and detailed parameters for the same.

### Compliance under FATCA

India has executed an Inter-Governmental Agreement (IGA) with the U.S. and the Fund intends to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations. In order to comply with its FATCA obligations, the Fund will be required to obtain certain information from its investors so as to ascertain their U.S. tax status. If the investor is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, the Fund may need to report information on these investors to the appropriate tax authority, as far as legally permitted. If an investor or an intermediary through which it holds its interest in the Fund either fails to provide the Fund its agents or authorised representatives with any correct, complete and accurate information that may be required for the Fund to comply with FATCA or is a NPFFI, Fund may be required to provide information about payment to NPFFI to upstream payor to enable them to make

the appropriate FATCA withholding on NPFFIs. Further, we may be compelled to sell its interest in the Fund or, in certain situations, the investor's interest in the Fund may be sold involuntarily. The Fund may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Fund deems appropriate or necessary to comply with FATCA, subject to this being legally permitted under the IGA or the Indian laws and regulations. FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Fund will, seek additional information from investors while accepting applications, in order to ascertain their U.S. Person status. The Fund will not accept applications which are not accompanied with information/ documentation required to establish the U.S. Person status of investors. Investors are therefore requested to ensure that the details provided under Section "Confirmation under Foreign Account Tax Compliance Act (FATCA) for determining US person status" of the application form are complete and accurate to avoid rejection of the application (updated forms are available with ISCs or on Fund's website – [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)).

Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In the event of any conflict or inconsistency between any of these Terms and Conditions and those in any other service, product, business relationship, account or agreement between investor and HSBC, these terms shall prevail, to the extent permissible by applicable local law. If all or any part of the provisions of these Terms and Conditions become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms and Conditions in that jurisdiction. These Terms and Conditions shall continue to apply notwithstanding the death, bankruptcy or incapacity of the investor, the closure of any investor account, the termination of HSBC's provision of the Services to the investor or the redemption of the investor's investment in the Fund.

### Common Reporting Standards

India has joined the Multilateral Competent Authority Agreement (MCAA) on automatic exchange of financial information in Tax Matters, commonly known as Common Reporting Standards ('CRS'). All countries which are signatories to the MCAA are obliged to exchange a wide range of financial information after collecting the same from financial institutions in their jurisdiction.

In accordance with Income Tax Act read with SEBI Circular nos. CIR/ MIRSD/2/2015 dated August 26, 2015 and CIR/MIRSD/3/2015 dated September 10, 2015 regarding implementation of CRS requirements, it shall be mandatory for all new investors to provide details and declaration pertaining to CRS in the application form, failing which the AMC shall have authority to reject the application.

### Compliance with Volcker Rule

The Volcker Rule is a part of the U.S. Dodd Frank Act which prohibits U.S. banks from proprietary trading and restricts investment in hedge funds and private equity by commercial banks and their affiliates. HSBC Holdings plc, is a U.S. regulated bank holding company and any entity (company, fund, trust, partnership etc.) located anywhere in the world, that is directly or indirectly controlled by the parent company is subject to the Volcker Rule. The Volcker Rule is effective from July 21, 2015. As part of HSBC's Volcker Conformance obligations, the Fund is required to implement a Compliance Programme to ensure on-going compliance with the Volcker Rule and the AMC must ensure that no HSBC affiliate (fund or business entity) invests in the Fund unless it has implemented necessary controls to ensure that the ownership limits, in line with the Volcker Rule, can be met. Hence, the Scheme may not be able to accept subscriptions from HSBC group entities into the Scheme, aggregating to more than 25% of the voting rights of the Scheme. In the event of the aggregate investment by HSBC group entities crossing the above limits, the AMC will have the discretion to reject any subscription/switch applications received or redeem any excess exposure by the group entities in the Scheme, to be in compliance with the Volcker Rule.

## Interpretation

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to “US\$” refer to United States Dollars and “Rs.” or “₹” refer to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.
- The contents of the SID are applicable to all the Scheme covered under this SID, unless specified otherwise.
- All references to timings relate to Indian Standard Time (IST).

## D. DEFINITIONS

In this SID, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<b>ADRs and GDRs</b>	<p>ADRs are negotiable certificates issued to represent a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. dollars.</p> <p>GDRs are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.</p>
<b>Asset Management Company or AMC or Investment Manager</b>	<p>HSBC Asset Management (India) Private Limited, incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as Investment Manager for the Schemes of the Mutual Fund.</p>
<b>Applicable NAV</b>	<p>The Net Asset Value applicable for purchases/redemptions/switches etc., based on the Business Day and relevant cut-off times on which the application is accepted at an Investor Service Centre.</p>
<b>Beneficial Owner</b>	<p>Beneficial owner as defined in the Depositories Act 1996 (22 of 1996) means a person whose name is recorded as such with a depository.</p>
<b>Business Day</b>	<p>A day other than (1) Saturday and Sunday and/or (2) a day on which The Bombay Stock Exchange Limited and/or National Stock Exchange of India Limited and/or Reserve Bank of India and/or banks in Mumbai are closed and/or (3) a day on which there is no RBI clearing/settlement of securities and/or (4) ) a day on which the sale and/or redemption and/or switches of Units is suspended by the Trustees/AMC and/or (5) a book closure period as may be announced by the Trustees/AMC and/or (6) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may determine from time to time. time and/or (7) A day on which the sale and repurchase of the units of the overseas mutual fund, where the Scheme has a substantial investment, is suspended or closed and/or (8) a day on which any other overseas exchanges/overseas banks where the Scheme has a substantial investment are closed.</p> <p>The AMC reserves the right to change the definition of Business Day(s).</p> <p>Provided that :</p> <ol style="list-style-type: none"><li>1) days when the banks in any location where the AMC’s Investor Service Centres are located, are closed due to a local holiday, such days will be treated as non-Business Days at such centres for the purposes of accepting fresh subscriptions. However, if the Investor Service Centre in such locations is open on such local holidays, then redemption and switch requests will be accepted at those centres, provided it is a Business Day for the Scheme on an overall basis.</li><li>2) If the Underlying scheme declare any day as a non-Business Day, the AMC will also declare that day as a non-Business Day for the relevant Schemes. However, if this information is received by the AMC from the Underlying scheme later in the day and the relevant Schemes have already accepted transactions, such transactions will be processed on the next business day. Notwithstanding the above, the AMC may declare any day as a Business Day/Non Business Day.</li></ol>
<b>Credit Event (With respect to creation of a Segregated Portfolio)</b>	<p>Credit Event refers to issuer level downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:</p> <ol style="list-style-type: none"><li>a. Downgrade of a debt or money market instrument to ‘below investment grade’, or</li><li>b. Subsequent downgrades of the said instruments from ‘below investment grade’, or</li><li>c. Similar such downgrades of a loan rating</li></ol> <p>In case of difference in rating by multiple CRAs, the most conservative rating shall be considered.</p> <p>In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.</p>

	<b>Note:</b> The AMC may create a Segregated Portfolio, in case of a Credit Event in accordance with SEBI guidelines as amended from time to time. Creation of Segregated Portfolio shall be optional and at the discretion of the AMC.
<b>Consolidated Account Statement/ CAS</b>	Consolidated Account Statement is a statement containing details relating to all the transactions across all mutual funds based on common PAN, viz. purchase, redemption, switch, pay-out of IDCW, reinvestment of IDCW, Systematic Investment Plan, Systematic Withdrawal Plan, Systematic Transfer Plan and bonus transactions, etc.
<b>Custodian</b>	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, which for the time being is Citibank N.A.
<b>Cut-off Time</b>	Cut off Time in relation to Subscription and Redemption of units means the outer limits of timings on a particular Business Day which are relevant for determination of Applicable NAV that is to be applied for the transaction.
<b>Call Option</b>	Call option is a financial contract between two parties, the buyer and the seller of the option. The call allows the buyer the right (but not the obligation) to buy a financial instrument (the underlying instrument) from the seller of the option at a certain time for a certain price (the strike price). The seller assumes the corresponding obligations.
<b>Designated Collection Centre</b>	Such centres as may be designated by the AMC for collection of subscriptions and/or redemptions and/or switches in the Scheme.
<b>Direct Plan</b>	Direct Plan is a plan available for investors who purchase/subscribe units in a scheme directly with the Fund i.e. investments/applications not routed through the Distributor
<b>Depository</b>	Depository as defined in the Depositories Act, 1996
<b>Depository Participant/ DP</b>	Depository Participant' means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
<b>Depository Records</b>	Depository Records as defined in the Depositories Act 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.
<b>Derivatives</b>	A financial instrument, traded on or off an exchange, the price of which is directly dependent upon (i.e., "derived from") the value of one or more underlying securities, equity indices, debt instruments, commodities, other derivative instruments, or any agreed upon pricing index or arrangement (e.g., the movement over time of the Consumer Price Index or freight rates) etc. is known as a derivative. Derivatives involve the trading of rights or obligations based on the underlying product, but do not directly transfer property.
<b>Distributor</b>	Such persons/ firms/ companies/ corporates as may be appointed by the AMC to distribute/sell/market the Schemes of the Fund.
<b>Dividend</b>	Income distributed by Scheme on the Units, where applicable.
<b>Equity related securities</b>	'Equity related instruments' include convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and such other instrument as may be specified by the Board from time to time.
<b>Foreign Portfolio Investor/FPI</b>	An entity registered with designated depository participant under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
<b>Floating Rate Instruments</b>	Floating rate instruments are debt/money market instruments issued by Central/State Governments, Corporates, PSUs etc. with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Fund.
<b>Foreign Securities</b>	ADRs/GDRs issued by Indian or Foreign companies, Equity of overseas companies listed on recognized stock exchanges overseas, Initial public offer (IPO) and Follow on public offerings (FPO) for listing at recognized stock exchanges overseas, Foreign debt securities in the countries with fully convertible currencies, with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos - only as pure investment avenues, where the counter party is rated not below investment grade; also repos should not however, involve any borrowing of funds by mutual funds, Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade, Units/securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Units/ securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets) or such other security/instrument as stipulated by SEBI/RBI/other Regulatory Authority from time to time.

<b>Fund or Mutual Fund</b>	HSBC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/046/02/5 dated May 27, 2002.
<b>Fund of Funds/FOF</b>	A mutual fund scheme that invests primarily in other schemes of the same mutual fund or any other mutual fund.
<b>HEHDF/Underlying scheme</b>	HSBC Global Investment Funds (HGIF) Asia Pacific Ex Japan Equity High Dividend Fund, the scheme into which HSBC Asia Pacific (Ex Japan) Dividend Yield Fund will invest.
<b>HSCI or Sponsor or Settlor</b>	HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956.
<b>Investment Management Agreement</b>	The Agreement dated February 7, 2002 entered into between the Trustees of the Mutual Fund and HSBC Asset Management (India) Private Limited as amended from time to time.
<b>Investor Service Centres or ISC</b>	Such offices as are designated as Investor Service Centres by the AMC from time to time.
<b>Load</b>	In case of repurchase/switch out of a Unit, the sum of money deducted from the applicable NAV on the repurchase/switch out (Exit Load) and in the case of sale/switch in of a Unit, a sum of money to be paid by the prospective investor on the sale/switch in of a Unit in addition to the applicable NAV (Entry Load). Exit/Entry load is not applicable for Segregated Portfolio.
<b>Main Portfolio</b>	Scheme portfolio excluding the Segregated Portfolio.
<b>Money Market Instruments</b>	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, Tri-party REPO (TREPS) and any other like instruments as specified by the Reserve Bank of India from time to time.
<b>MIBOR</b>	Mumbai Interbank Offered rate. MIBOR is equivalent to daily call rate. It is the overnight rate at which funds can be borrowed and changes every day.
<b>NAV</b>	Net Asset Value of the Units of the Scheme, Plan(s) (including Option(s) if any, therein) calculated in the manner provided in this SID or as may be prescribed by the Regulations from time to time.
<b>NRI</b>	Non-Resident Indian
<b>RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
<b>Registrar</b>	Computer Age Management Services Ltd. (CAMS), registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as Registrar to the Scheme or any other registrar appointed by the AMC from time to time. The Registrar is registered with SEBI under registration No: INR000002813 with its registered address at New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.
<b>Repo/Reverse repo</b>	Sale/Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.
<b>Repurchase/Redemption</b>	Repurchase/redemption of Units of the Scheme.
<b>Sale/Subscription</b>	Sale/subscription of Units of the Scheme.
<b>Scheme/The Scheme</b>	HSBC Asia Pacific (Ex Japan) Dividend Yield Fund (including, as the context permits, the Plans/Options/Sub-options under Main/Segregated/Total Portfolio).
<b>Scheme Information Document (SID)</b>	This document issued by the Mutual Fund, offering units of the Scheme (s) of the Mutual Fund, for subscription.
<b>SEBI</b>	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>SEBI Regulations or Regulations</b>	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or notifications issued by SEBI, the Government of India or RBI.
<b>Segregated Portfolio</b>	A portfolio, comprising of debt or money market instrument affected by a Credit Event that has been segregated in the Scheme. <b>Note:</b> Creation of Segregated Portfolio shall be optional and at the discretion of the AMC.
<b>SIP</b>	Systematic Investment Plan
<b>SWP</b>	Systematic Withdrawal Plan
<b>STP</b>	Systematic Transfer Plan
<b>Statement of Additional Information /SAI</b>	The document issued by HSBC Mutual Fund containing details of HSBC Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
<b>Switch</b>	Sale of a Unit(s) in one Scheme / Plan(s) / Option(s) against purchase of a Unit(s) in another Scheme / Plan(s) / Option(s).

<b>Stock Exchange Platform for Mutual Funds</b>	Mutual Fund Service System (MFSS) of NSE and/or BSE Stock Exchange Platform for Allotment and Repurchase' of Mutual Fund (BSE STAR MF) of BSE. The transactions carried out on the above platform(s) shall be subject to such guidelines and directives as may be issued by the respective stock exchanges and also, SEBI (Mutual Funds) Regulations, 1996 and circulars / guidelines issued thereunder from time to time.
<b>Tri-party Repo (TREPS)</b>	Repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.
<b>Total Portfolio</b>	Scheme portfolio including the securities affected by the Credit Event.
<b>Trustees</b>	The Board of Trustees of HSBC Mutual Fund and approved by SEBI to act as the Trustees of the Schemes of the Fund or any other Trustee as may be appointed from time to time by the Sponsor and as approved by SEBI.
<b>Trust Deed</b>	The Trust Deed dated 7 February, 2002 made by and between the Sponsor and the Trustees establishing HSBC Mutual Fund, as amended from time to time.
<b>Trust Fund</b>	Amounts settled/contributed by the Sponsor towards the corpus of the HSBC Mutual Fund and additions/accretions thereto.
<b>Unit</b>	The interest of an investor which consists of one undivided share in the net assets of the Scheme.
<b>Unitholder or Investor</b>	A holder of Units in the Scheme of HSBC Mutual Fund offered under this SID.

## E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

<b>Due Diligence Certificate</b>	
<b>It is confirmed that:</b>	
<ul style="list-style-type: none"> <li>i) The SID forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.</li> <li>ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.</li> <li>iii) The disclosures made in the SID are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.</li> <li>iv) The intermediaries named in the SID and Statement of Additional Information are registered with SEBI and their registration is valid.</li> </ul>	
<p><b>For HSBC Asset Management (India) Private Limited</b> (Investment Manager to HSBC Mutual Fund)</p>	
<p>Sd/- <b>Sumesh Kumar</b> <i>Compliance Officer</i></p>	
<p>Place : Mumbai Date : April 28, 2023</p>	

## SECTION II - INFORMATION ABOUT THE SCHEMES

### A. TYPE OF THE SCHEME

An open ended fund of fund scheme investing in HSBC Global Investment Funds - Asia Pacific Ex Japan Equity High Dividend Fund.

### B. INVESTMENT OBJECTIVE

The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds (HGIF) Asia Pacific Ex Japan Equity High Dividend Fund (HEHDF). The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time.

However, there is no assurance that the investment objective of the Scheme will be achieved.

### C. ASSET ALLOCATION OF THE SCHEME

Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:

Instruments	Indicative Allocation (% of net assets)		Risk Profile
	Minimum	Maximum	
Units issued by HGIF Asia Pacific Ex Japan Equity High Dividend Fund (HEHDF)	95%	100%	Medium to High
Money Market instruments (including TREPS & reverse repo in government securities) and units of domestic mutual funds	0%	5%	Low to Medium

Under normal circumstances, 95-100% of the AUM will be invested into (HGIF Asia Pacific Ex Japan Equity High Dividend Fund). The cumulative exposure through units of the Underlying scheme, money market instruments and units of domestic mutual funds shall not exceed 100% of the net assets of the Scheme.

The Scheme will not invest in derivatives, securitised debts or unrated instruments. However, the Underlying scheme may have exposure to these securities and may also undertake short selling and securities lending.

The Underlying scheme shall be compliant with the provisions of SEBI Circular SEBI/IMD/CIR No7/104753/07 dated September 26, 2007 including for investments in derivatives or unlisted instruments.

### D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be predominantly invested in the units of HEHDF. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time.

Money market instruments (money market instruments include commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, and any other like instrument as specified by the Reserve Bank of India from time to time) and/or units of domestic mutual funds. The Scheme shall not participate in repos in corporate debt securities.

The Scheme may invest in any other instrument as may be permitted by SEBI from time to time. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated as enabled under SEBI MF Regulations/circulars/RBI. The Scheme may also enter into repurchase and reverse repurchase obligations

in government securities and Treasury bills (which qualify for repo transactions as per the SEBI regulations in this regard issued from time to time) held by it.

### Portfolio re-balancing

Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for short term and defensive considerations as per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021 and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation. Further, as per SEBI Circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/39 dated March 30, 2022, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period.

Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in SEBI circular dated March 30, 2022.

### Change in Investment Pattern

Subject to the Regulations, the asset allocation pattern indicated above for the Scheme may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders, and meet the objective of the Scheme. Such changes in the investment pattern will be for short term and defensive consideration.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme(s) shall be effected in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations, as detailed in this SID.

### Procedure followed for Investment Decisions

The Fund Manager(s) of the Scheme is/are responsible for making buy/sell decisions in respect of the units of the underlying Scheme in the Scheme's portfolio

The Board of the AMC has constituted an Investment Management Committee that meets at periodic intervals. The Investment Management Committee, at its meetings, review all investments, including investments in unrated debt instruments. The Committee also reviews the performance of the Scheme and general market outlook.

It is the responsibility of the AMC to ensure that the investments are made as per the internal/Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme. The Scheme may follow internal guidelines as approved by the Board of the AMC and the Trustees from time to time.

The AMC reserves the right to modify, alter, add, delete any internal limits from time to time, in accordance with Group policies.

The Chief Investment Officer and Fund Manager present to the Board of the AMC and the Trustees periodically, the performance of the Schemes. The performance of the Scheme will be reviewed by the Boards with reference to their appropriate benchmark(s).

However, the Schemes' performance may not be strictly comparable with the performance of its Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

The Chief Investment Officer and Fund Manager will bring to the notice of the AMC Board, specific factors if any, which are impacting the performance of the Scheme. The Board on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The details on the Schemes' performance vis-à-vis the benchmark returns will be explained to the Trustees.

The AMC will keep a record of all investment decisions.

## E. INVESTMENT STRATEGY

### Investment Approach and Risk Control

The Scheme will invest predominantly in the units of the Underlying scheme - HEHDF. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time.

The Scheme may invest in units of liquid mutual fund schemes managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing Regulations.

Underlying scheme offers various share classes. Each share class has different expense ratio and different minimum amount for investments. The portfolio of Underlying scheme for all the share classes is common. Currently while the Scheme intends to invest in Share Class S9. The share class is chosen for investments considering various factors, including minimum investment amount requirement of the share classes, expense ratio, etc. The Scheme may be eligible to subscribe to other share classes of Underlying scheme based on its net assets. Accordingly, the Scheme retains flexibility to invest in different share classes of Underlying scheme.

### Position of Debt Markets in India

The major players in the Indian debt markets today are banks, financial institutions, insurance companies and mutual funds. The instruments in the market can be broadly categorised as those issued by corporates, banks, financial institutions and those issued by state/central governments. The risks associated with any investment are - credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The liquidity risk in the corporate securities market is higher as compared to that in case of government securities. Liquidity in the corporate debt market has been improving due to the entry of more players and due to various measures taken by the regulators in this direction over a period of time. SEBI's directive of a compulsory rating by a rating agency for any public issuance over 18 months, dematerialisation, entry of private insurance companies, listing of debt securities and growth of fixed income mutual funds have enhanced liquidity in the corporate debt market. The setting up of clearing corporations, real time gross settlement and electronic clearing system for government securities have considerably enhanced the depth and width of the Indian debt markets and bringing it at par with developed markets.

The following table attempts to give a broad overview of the available instruments in the financial markets and their risk - return profile. The data is based on the market conditions as on the date of the Offer Document and may vary substantially depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates.

**The indicative yields and liquidity on various securities as on March 31, 2023 are as under :-**

Issuer	Instrument	Maturity	Yields in %	Liquidity
GOI	Treasury Bill	91 days	7.00 – 7.05	Medium to High
GOI	Treasury Bill	364 days	7.25 – 7.30	Medium to High
GOI	Short Dated	1 – 3 Yrs.	7.15 – 7.50	Medium
GOI	Medium Dated	3 – 5 Yrs.	7.15 – 7.25	Medium to High
GOI	Medium Dated	5 – 10 Yrs.	7.15 – 7.35	High
GOI	Long Dated	10 – 15 Yrs	7.30 – 7.40	High
GOI	Long Dated	> 15 Yrs.	7.30 – 7.40	Low to Medium
GOI	Reverse Repo / TREPS	1 – 14 days	6.25 – 6.75	High
Corporate Debt	Taxable Bonds (AAA)	364 days	7.60 – 8.75	Low to Medium
Corporate Debt	Taxable Bonds (AAA)	1 – 3 Yrs.	7.60 – 8.55	Medium
Corporate Debt	Taxable Bonds (AAA)	3 – 5 Yrs.	7.45 – 8.50	Medium
Corporate Debt	Taxable Bonds (AAA)	5 – 10 Yrs.	7.60 – 8.30	Medium
Corporate Debt	CPs (A1+)	3 months	7.10 – 8.70	Low to Medium
Corporate Debt	CPs (A1+)	1 Year	7.60 – 9.10	Low to medium

### Portfolio Turnover

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. The Scheme being an open-ended Scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s). Active asset allocation would impact portfolio turnover.

### Investments by the AMC in the Scheme

The AMC may invest in the Scheme at any time during the continuous offer period subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme.

### Segregated Portfolio

In order to ensure fair treatment to all investors in case of a Credit Event and to deal with liquidity risk, SEBI (vide its circular no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018) has allowed creation of Segregated Portfolio of debt and money market instruments by mutual fund schemes.

### Benefits associated with Segregated Portfolio

The creation of Segregated Portfolio is aimed at ring fencing a bad asset and restrict cascading effect of illiquidity on the rest of portfolio. This will ensure fair treatment to all investors in case of a Credit Event and allow HSBC AMC to deal with liquidity risk. This offers advantage to the investors in following ways:

- **Protecting interest of the investors** - It protects investors from exits of large investors as segregation of bad assets help in stabilizing the NAV and minimize panic redemptions, thereby providing a cushion to the liquid portfolio of the Scheme.

- **Fair treatment to the investors** - New investors coming to the Scheme (Main Portfolio) after the Credit Event will neither get benefit of subsequent recovery, if any, of the bad assets nor will they have to bear the cost of further reduction in value of bad assets. Furthermore, an existing investor exiting from the liquid portfolio (Main Portfolio) after the Credit Event shall still be entitled to receive his portion of subsequent recovery of bad assets in the Segregated Portfolio.

The salient features of creation of Segregated Portfolio is given as below:

### Creation of Segregated Portfolio

Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

- 1) Segregated Portfolio may be created, in case of a Credit Event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
  - a. Downgrade of a debt or money market instrument to 'below investment grade', or
  - b. Subsequent downgrades of the said instruments from 'below investment grade', or
  - c. Similar such downgrades of a loan rating.
- 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level Credit Events as mentioned above and implemented at the ISIN level.
- 3) In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.
- 4) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.

### Definitions

- 1) The term 'Segregated Portfolio' means a portfolio, comprising of debt or money market instrument affected by a Credit Event that has been segregated in a mutual fund scheme.
- 2) The term 'Main Portfolio' means the scheme portfolio excluding the Segregated Portfolio.
- 3) The term 'Total Portfolio' means the scheme portfolio including the securities affected by the Credit Event.

### Process for Creation of Segregated Portfolio

- 1) On the date of Credit Event, the AMC shall decide on creation of Segregated Portfolio. Once the AMC decides to Segregated Portfolio, it shall :
  - a. seek approval of Board of Trustees prior to creation of the Segregated Portfolio;
  - b. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The Fund will also disclose that the segregation shall be subject to the Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC; and
  - c. ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of Credit Event, the subscription and redemption in the scheme will be suspended for processing with respect to creation of units and payment on redemptions.
- 2) Once the Trustee approval is received by the AMC:
  - a. Segregated Portfolio will be effective from the day of Credit Event
  - b. The AMC shall issue a press release immediately with all relevant information pertaining to the Segregated Portfolio.

The said information will also be submitted to SEBI.

- c. An e-mail or SMS will be sent to all unit holders of the concerned scheme.
  - d. The Net Asset Value (NAV) of both Segregated and Main Portfolios will be disclosed from the day of the Credit Event.
  - e. All existing investors in the scheme as on the day of the Credit Event will be allotted equal number of units in the Segregated Portfolio as held in the Main Portfolio.
  - f. No redemption and subscription will be allowed in the Segregated Portfolio. However, upon recovery of any money from Segregated Portfolio, it will be immediately distributed to the investors in proportion to their holding in the Segregated Portfolio.
  - g. The AMC shall enable listing of units of Segregated Portfolio on the recognized stock exchange within 10 working days of creation of Segregated Portfolio and also enable transfer of such units on receipt of valid transfer requests.
- 3) If the Trustee do not approve the proposal to segregate portfolio, the AMC will issue a press release immediately informing investors of the same.

### Processing of Subscription and Redemption Proceeds

- 1) All subscription and redemption requests for which NAV of the day of Credit Event or subsequent day is applicable will be processed as under:
  - i. Upon trustees' approval to create a Segregated Portfolio -
    - Investors redeeming their units will get redemption proceeds based on the NAV of Main Portfolio and will continue to hold the units of Segregated Portfolio.
    - Investors subscribing to the scheme will be allotted units only in the Main Portfolio based on its NAV.
  - ii. In case trustees do not approve the proposal of Segregated Portfolio, subscription and redemption applications will be processed based on the NAV of Total Portfolio.

### Disclosure

The AMC shall make necessary disclosures as mandated by SEBI, in statement of account, monthly/half yearly portfolio statements, KIM, SID, Scheme Advertisements, Scheme Performance data, AMC's website and at other places as may be specified.

The information regarding number of Segregated Portfolio(s) created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

The NAV of the Segregated Portfolio shall be declared on daily basis. Further, the investors of the Segregated Portfolio shall be duly informed of the recovery proceedings of the investments of the Segregated Portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

### Total Expense Ratio (TER) for the Segregated Portfolio

- 1) The AMC will not charge investment and advisory fees on the Segregated Portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in Segregated Portfolio.
- 2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the Main Portfolio (in % terms) during the period for which the Segregated Portfolio was in existence.
- 3) The legal charges related to recovery of the investments of the Segregated Portfolio may be charged to the Segregated Portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the Main Portfolio. The legal charges in excess of the TER limits, if any,

shall be borne by the AMC.

4) The costs related to Segregated Portfolio shall in no case be charged to the Main Portfolio.

### Monitoring by Trustees

The Trustee will monitor the compliance of the SEBI Circular in respect of creation of Segregated Portfolio and disclosure in this respect shall be made in Half-Yearly Trustee reports filed with SEBI.

In order to avoid mis-use of Segregated Portfolio, Trustees shall have a mechanism in place to negatively impact the performance incentives of fund managers, Chief Investment Officers, etc. involved in the investment process of securities under the Segregated Portfolio, mirroring the existing mechanism for performance incentives of the AMC, including transfer of such impacted amount to the Segregated Portfolio.

### Risks associated with Segregated Portfolio

**Liquidity risk** – Segregated Portfolio is created to separate debt and money market instruments affected by a Credit Event from the Main Portfolio of the Scheme. The Fund will not permit redemption of the Segregated Portfolio units, but the units will be listed on a recognized stock exchange. The Fund is not assuring any liquidity of such units on the stock exchange. Further, trading price of units on the stock exchange may be significantly lower than the prevailing NAV. Investors can continue to transact (subscribe/redeem) from the Main Portfolio.

**Credit risk** – While the AMC will put in sincere efforts to recover the securities in the Segregated Portfolio and distribute the same to unit holders, it is likely that such securities may not realise any value leading to losses to investors.

### Illustration of Segregated Portfolio

Below mentioned is sample Portfolio of a scheme, net assets of which amount to Rs. 558.41 lacs.

#### (1) Portfolio Before Downgrade Event (As on 29 June, 2019)

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	9.19%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	10.57%
8.29% C Services Ltd.	AA+	NCD	70000	98.9125	69.23875	12.40%
D Ltd	A1+	CD	30000	98.199	29.4597	5.28%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	8.84%
Cash/Cash Equivalents					300.00142	53.72%
		<b>Net Assets</b>			<b>558.41</b>	
		<b>No. of units (in Lacs)</b>			<b>10</b>	
		<b>NAV (Rs. per unit)</b>			<b>55.8409</b>	

#### (2) Rating downgrade of security

Downgrade event date	30-Jun-2019
Downgraded security	8.29% C Services Ltd. from AA+ to B
Valuation marked down by	25%*

\*Mark down in valuation of downgraded securities shall be based on the haircut matrices specified by Association of Mutual Funds in India (AMFI) which takes into account downgraded rating, sector to which security belongs and secured/unsecured nature of the security.

#### Portfolio after Downgrade (As on 30 June, 2019)

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	9.47%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	10.90%
8.29% C Services Ltd.*	B*	NCD	70000	75	52.5	9.69%
D Ltd.	A1+	CD	30000	98.199	29.4597	5.44%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	9.12%
Cash/Cash Equivalents					300.00142	55.38%
		<b>Net Assets</b>			<b>541.67</b>	
		<b>No. of units (in Lacs)</b>			<b>10</b>	
		<b>NAV (Rs. per unit)</b>			<b>54.1670</b>	

\* Mark down of 25% is on the face value (Rs. 100/-) of security on the date of Credit Event. Before marked down, the security was valued at Rs. 98.9125 per unit on 30 June, 2019 which is the date of Credit Event, NCD of C Services Ltd. will be segregated into a separate portfolio.

**Main Portfolio (As on 30 June, 2019)**

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
7.14% A Finance Corporation Ltd.	AAA	NCD	50000	102.625	51.31245	10.49%
7.70 % B Industries Ltd.	AAA	NCD	60000	98.3588	59.01528	12.06%
D Ltd.	A1+	CD	30000	98.199	29.4597	6.02%
7.37% GoI Sep 16 2019	Sovereign	Gilt	50000	98.7623	49.38115	10.09%
Cash/Cash Equivalents					300.00142	61.33%
		<b>Net Assets</b>			<b>489.17</b>	
		<b>No. of units (in Lacs)</b>			<b>10</b>	
		<b>NAV (Rs. per unit)</b>			<b>48.9170</b>	

**Segregated Portfolio (As on 30 June, 2019)**

Security	Rating	Type of Security	Quantity	Price Per Unit (Rs.)	Market Value (Rs. in lacs)	% of Net Assets
8.29% C Services Ltd.*	B*	NCD	70000	75	52.5	100.00%
		<b>Net Assets</b>			<b>52.50</b>	
		<b>No. of units (in Lacs)</b>			<b>10</b>	
		<b>NAV (Rs. per unit)</b>			<b>5.2500</b>	

**(3) Holding after creation of Segregated Portfolio**

Particulars	Segregated Portfolio	Main Portfolio	Total Value (Rs. in lacs)
No. of units (in Lacs)	10	10	
NAV (Rs. per unit)	5.2500	48.9170	
<b>Total value</b>	<b>52.50</b>	<b>489.17</b>	<b>541.67</b>

**F. OVERVIEW OF UNDERLYING SCHEME****HSBC GLOBAL INVESTMENT FUNDS**

HSBC GLOBAL INVESTMENT FUNDS (HGIF) is an investment company ("Société d'Investissement à Capital Variable") incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the 2010 Law.

HGIF Asia Pacific ex Japan Equity High Dividend (HEHDF) is the sub fund of HGIF where funds collected by HSBC Asia Pacific (ex-Japan) Dividend Yield Fund will be invested.

The date of inception of the Underlying scheme is November 5, 2004.

**i) Basis of selecting the Underlying scheme**

The Underlying scheme is a dividend yield focused equity fund which can offer investors access to -potentially exciting long-term investment opportunities in Asia-Pacific (excluding Japan) region including both developed markets and Emerging Markets. The Underlying scheme's investment strategy is different from the investment strategies of the existing fund of funds schemes of the Fund.

**ii) Investment Objective of the Underlying scheme and Where will it invest?**

The underlying fund aims to provide long term total return by investing in a portfolio of Asia-Pacific (excluding Japan) equities, while promoting ESG characteristics within the meaning of Article 8 of SFDR.

The underlying fund aims to invest in a portfolio that offers a dividend yield above the MSCI AC Asia Pacific ex Japan.

The underlying fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia-Pacific (excluding Japan) including both developed markets and Emerging Markets. The underlying fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

The underlying fund includes the identification and analysis of a company's ESG credentials ("ESG Credentials") as an integral part of the investment decision making process to reduce risk and enhance returns.

ESG Credentials may include, but are not limited to:

- environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation.
- corporate governance practices that protect minority investor interests and promote long term sustainable value creation.

ESG Credentials are proprietary to HSBC, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the Excluded Activities as detailed below, the inclusion of a company in the underlying fund's investment universe is at the discretion of the underlying fund's investment manager. Issuers with improving ESG Credentials may be included when their credentials are still limited.

The underlying fund will not invest in equities issued by companies with specified involvement in specific excluded activities ("Excluded Activities"). Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:

- Companies involved in the production of controversial weapons or their key components. Controversial weapons include but are not limited to anti-personnel mines, depleted uranium weapons and white phosphorous when used for military purposes. This exclusion is in addition to the banned weapons policy as detailed in Appendix 3, sub-section iv, of underlying fund's prospectus.
- Companies involved in the production of tobacco.
- Companies with more than 10% revenue generated from thermal coal extraction and do not have a clearly defined, credible plan to reduce exposure to below 10%.
- Companies with more than 10% revenue generated from coal-fired power generation and do not have a clearly defined, credible plan to reduce exposure to below 10%.

The underlying fund conducts enhanced due diligence on companies that are considered to be non-compliant with the UN Global Compact Principles, or are considered to be high risk as determined by the HSBC's proprietary ESG ratings.

ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. The underlying fund's investment manager may rely on expertise, research and information provided by financial and non-financial data providers.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The underlying fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the underlying fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The underlying fund may invest up to 50% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The underlying fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The underlying fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The underlying fund normally invests across a range of market capitalisations without any capitalisation restriction.

The underlying fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other underlying funds of HSBC Global Investment Funds).

The underlying fund will not invest more than 10% of its net assets in REITs.

The underlying fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the underlying fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the underlying fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the underlying fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.

The underlying fund can enter into Securities Lending transactions for up to 29% of its net assets, however, it is expected that this will not exceed 25%.

The underlying fund is actively managed and does not track a benchmark. The underlying fund has an internal or external target to outperform the reference benchmark, MSCI AC Asia Pacific ex Japan.

The underlying fund's investment manager will use its discretion to invest in securities not included in the reference benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the underlying fund's investments will be components of the reference benchmark. However, their weightings may deviate materially from those of the reference benchmark.

Any deviations with respect to the benchmark are monitored within a comprehensive risk framework, which includes monitoring at issuer, sector & country level.

The deviation of the underlying fund's performance relative to the benchmark is monitored, but not constrained, to a defined range.

### iii) Asset Allocation of the Underlying scheme

As on March 31, 2023, asset allocation of HSBC GIF- ASIA PACIFIC EX JAPAN Equity High Dividend Fund was as follows

Sr. No.	Type of Securities	% of allocation
1	Equity	97.33
2	Cash	2.67
	<b>Total</b>	<b>100.00</b>

### iv) Country/region exposure

The exposure of underlying scheme in the following countries/regions as on March 31, 2023:

Sr. No.	Country/Region	Weight (%)
1	Mainland China	23.60
2	Korea	16.36
3	Australia	14.75
4	Hong Kong (SAR)	10.98
5	Taiwan	10.25
6	India	10.17
7	Indonesia	5.48
8	Singapore	4.49

The remaining balance was held in cash.

### v) Top 10 holdings of the Underlying scheme

The top 10 holdings as on March 31, 2023 was as follows:

Sr. No.	Stocks	Weight (%)
1	Taiwan Semiconductor Co Ltd	7.19
2	Samsung Electronics Co Ltd	5.09
3	Aia Group Ltd	4.93
4	KB Financial Group Inc	4.76
5	DBS Group Holdings Ltd	4.49
6	SK Telecom	4.15
7	Telkom Indonesia Persero TBK P	4.13
8	Baidu Inc	3.98
9	Ping AN	3.86
10	China Construction Bank Corp	3.82

The Top Holdings may include short term instruments that are held as cash equivalents.

### The exposure to top 10 sectors of underlying scheme as on March 31, 2023 was as follows:

Sr. No.	Sector	Weight (%)
1	Financials	30.13
2	Information Technology	21.25
3	Communication Services	17.90
4	Materials	5.83
5	Consumer Staples	5.55
6	Energy	4.66
7	Industrials	3.22
8	Utilities	2.97
9	Consumer Discretionary	2.77
10	Real Estate	1.81

*Exposure to unrated securities, unlisted securities and derivatives by Underlying scheme*

There will be no exposure to unrated securities by the Underlying scheme. Exposure to Indian equities by the Underlying scheme will be limited to 15% of the Underlying scheme's net assets. If this limit is breached then a period of 3 months will be allowed for the Underlying

scheme to re-balance its exposure to Indian equities in a manner that it is limited to 15%. In case the breach continues beyond the re-balancing period of 3 months then the Scheme will stop accepting fresh subscriptions for the next 9 months. In case this breach continues beyond the period of 12 months then the Scheme will be wound up after informing the Unit holders and providing them with a 30 day period to exit the Scheme at prevailing NAV without any exit load. The Underlying scheme will invest in derivatives for the purpose of portfolio rebalancing and hedging only and such exposure will not exceed the total net assets of the Underlying scheme.

The Underlying scheme's exposure to unlisted securities will be limited to 10% of its net assets as currently prescribed by SEBI vide SEBI circular dated September 26, 2007. Further, the Underlying scheme will at all times, be in compliance with the guidelines for permissible overseas investments prescribed by SEBI vide circulars dated September 26, 2007, April 08, 2008, November 05, 2020 and June 03, 2021 or any other guidelines that may be prescribed from time to time. Kindly read the risk factors associated with Underlying scheme investing in different kinds of securities, under section 'A. Risk Factors' in the SID.

**vi) Risk profile/control**

The commitment approach is used to measure and monitor the level of risk for this Underlying scheme. The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to guidelines 10/788 issued by CESR in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

**vii) Category of eligible investors**

The Underlying scheme describes investors in the dynamic category. Dynamic category is suitable for investors with a long term investment horizon. The Underlying scheme is intended for more experienced investors aiming for an investment where a high proportion of the assets may be invested in Emerging Markets and smaller capitalisation securities, which may reduce liquidity and increase the volatility of return. The Underlying scheme is suitable for investors looking for an investment to diversify an existing core portfolio.

**viii) Performance of the Underlying scheme as on March 31, 2023:**

Annualized Performance (%)	Underlying scheme (%)	Benchmark MSCI AC Asia Pacific ex-Japan TRI (%)
1 Year	-10.77	-8.91
3 Years	9.89	8.81
5 Years	2.75	1.05

The performance given above is in USD terms.

Inception date: February 20, 2014.

Above performance data pertains to Share Class S9, of underlying scheme, in which HSBC Asia Pacific (ex-Japan) Dividend Yield Fund invests.

**ix) Expense ratio of Underlying scheme**

The Underlying scheme of HSBC Asia Pacific (Ex Japan) Dividend Yield Fund has various share classes and has different expenses for each such share class. The expenses are classified into Management & Distribution expenses and Operating expenses. The management & operating, admin and servicing expense for the Share Class into which the Scheme will invest, (Share Class S9) is 0.65% of the net assets. HGIF could change the expenses for the various share classes from time to time. Further, the Scheme reserves the right to switch to any other Share Class of HGIF at any point in time for various reasons, including commercial reasons. However, at all times, the total expenses of the Scheme shall be as per the limits prescribed under sub-regulation 6 of Regulation 52 of the SEBI Regulations and shall not exceed the limits stated under Section IV. B. 'Annual Scheme Recurring Expenses' of the SID. Therefore, such change in Share Class will not have any adverse impact on the Unit holders.

A table showing the expense ratio of the Underlying scheme is as follows:

Share Class	S9
Management Fee (%)	0.35
Operating, Administrative and Servicing Expenses (%)	0.30

**Dollar Conversion Process :** For the purpose of US dollar conversion, the Scheme intends to use the prices available through Reuter /Bloomberg /RBI reference rate. Incase of non-availability of exchange rate through Reuter /Bloomberg /RBI, the AMC reserves the right to change the source for determining the exchange rate.

## PRODUCT DIFFERENTIATION

Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	Number of Folios as on March 31, 2023	AUM as on March 31, 2023 (Rs. in crores)
<b>HSBC Global Emerging Markets Fund</b> An open-ended fund of fund scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund	The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds - Global Emerging Markets Equity Fund. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved	The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds - Global Emerging Markets Equity Fund. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved	HSBC Global Emerging Markets Fund is a fund of fund scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund which in turn invests into equities of countries which are classified as emerging markets	2,204	19.62
<b>HSBC Brazil Fund</b> An open ended fund of fund scheme investing in HSBC Global Investment Funds - Brazil Equity Fund	To provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds (HGIF) Brazil Equity Fund. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.	The Scheme will invest predominantly in units/shares of HGIF Brazil Equity Fund. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time.	HSBC Brazil Fund is a fund of fund scheme which invests into HGIF Brazil Equity Fund, which in turn invests into the stocks listed in the Brazilian equity markets.	2,889	33.43
<b>HSBC Managed Solutions</b> An open ended fund of fund scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds	The scheme has 3 Plans. Kindly refer the investment objective of the Plans under Section I. Highlights/Summary of the Schemes.	The Plans under the Scheme will invest predominantly in the existing and/or prospective schemes of HSBC Mutual Fund, units of third party domestic mutual funds, units of offshore equity oriented funds managed by HSBC Global Asset Management, gold ETFs and other ETFs of third parties until such time that the Fund doesn't have such scheme offerings. The Plans may also invest certain proportion of its corpus in money market instruments in order to meet liquidity requirements from time to time.	HSBC Managed Solutions is a Fund of Fund scheme having three Plans thereunder, each corresponding to a particular investor risk profile. The asset allocation strategy of the Scheme is based on the concept of risk diversification. The Scheme intends to provide long term solutions which are customer friendly and avoid product proliferation.	HSBC Managed Solutions India – Growth	
				421	34.90
				HSBC Managed Solutions India – Conservative	
				193	34.43
HSBC Managed Solutions India – Moderate					
416	56.88				

Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	Number of Folios as on March 31, 2023	AUM as on March 31, 2023 (Rs. in crores)
<b>HSBC Global Equity Climate Change Fund of Fund</b> An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change.	To provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change (HGECC). The Scheme may also invest a certain proportion of its corpus in money market instruments and/ or units of overnight/liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.	The Scheme will invest predominantly in the units of the Underlying scheme - HGECC. The Scheme may also invest a certain proportion of its corpus in money market instruments and/ or units of overnight/liquid mutual fund schemes, in order to meet liquidity requirements from time to time.  The Scheme may invest in units of overnight/liquid mutual fund schemes managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing Regulations.	HSBC Global Equity Climate Change Fund of Fund is a scheme which invests into HGIF – Global Equity Climate Change Fund which in turn invests into the companies listed in either developed or developing countries, that are positioned to benefit from efforts to adapt to climate change.	6,306	302.14

## G. FUNDAMENTAL ATTRIBUTES

The following are the fundamental attributes of the Scheme, in terms of Regulation 18 (15A) of the Regulations:

### (i) Type of scheme

- Open ended
- Fund of Funds Scheme

### (ii) Investment Objective

- Main Objective - Please refer Section II. B (Investment Objective)
- Investment pattern - Please refer Section II. C (Asset Allocation of the Scheme)

### (iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption.
- Aggregate fees and expenses charged to the scheme.
- Any safety net or guarantee provided.

In accordance with Regulation 18(15A) of the SEBI Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme and the Plan(s)/Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme and the Plan(s)/Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
- Further, in accordance with AMFI Best practices circular dated July 30, 2014, prior approval of SEBI will be obtained before effecting the changes in fundamental attributes.

## H. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

### Benchmark Index:

The performance of the Scheme/Plan(s) will be benchmarked with MSCI AC Asia Pacific ex-Japan TRI.

However, the Scheme's/Plan's performance may not be strictly comparable with the performance of its Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

The benchmark used is same as the one which is used for benchmarking the Underlying scheme. The Scheme is not managed in any way with reference to MSCI AC Asia Pacific ex Japan Index.

### Justification for benchmark

The benchmark chosen for the scheme reflects the Underlying scheme's investment focus as per the asset allocation. It will also enable the investors to arrive at a more informed judgement on scheme's performance.

MSCI AC Asia Pacific ex Japan TRI has been adopted as the suitable benchmark for HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, since it closely reflects the geographic investment universe for the strategy of the Underlying scheme and is widely used and understood from an investors' perspective. The MSCI AC Asia ex Japan Index captures large and midcap representation across 2 of 3 Developed Markets\* (excluding Japan) and 9 Emerging Markets\* in Asia. With 1182 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country/markets.

\* Developed Markets in the index include Hong Kong and Singapore. Emerging Markets include China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

## I. WHO MANAGES THE SCHEME?

Sonal Gupta (Dedicated Fund Manager for overseas investments) is the Fund Manager of the Scheme.

**The details of the Fund Manager are:**

Name of Fund Manager	Designation	Age	Qualifications	Years of Experience with description	Tenure of managing the scheme (in Years)
<b>Sonal Gupta</b>	Head of Research – Equity	39	PGDM (IIM Bangalore), CFA (CFA Institute), Bachelors in Mechanical Engineering	Over 16 years of experience <ul style="list-style-type: none"> <li>• <b>HSBC Asset Management (India) Private. Limited</b> as Head Research – Equities (Since November 26, 2022)</li> </ul> <b>Prior Assignments:</b> <ul style="list-style-type: none"> <li>• <b>L&amp;T Investment Management Limited</b> as Head of Research – Equity from June 1, 2021 to November 25, 2022</li> <li>• <b>UBS Securities India Pvt Ltd</b> as Lead Research Analyst – Equities from June 1, 2021 till May 28, 2021</li> </ul>	0.33 year

**Other Schemes managed by the Fund Manager(s)**

Scheme	Fund Manager
HSBC Infrastructure fund	Venugopal Manghat, Gautam Bhupal, Sonal Gupta
HSBC Value Fund	Venugopal Manghat, Vihang Shankar Naik, Sonal Gupta
HSBC Business Cycles Fund	Venugopal Manghat, Ankur Arora, Sonal Gupta
HSBC Mid Cap Fund	Vihang Shankar Naik, Cheenu Gupta, Sonal Gupta
HSBC ELSS Fund	Cheenu Gupta, Gautam Bhupal, Sonal Gupta
HSBC Balanced Advantage Fund	Neelotpal Sahai, Ritesh Jain, Sonal Gupta
HSBC Equity Savings fund	Ritesh Jain, Cheenu Gupta, Sonal Gupta
HSBC Small Cap Fund	Venugopal Manghat, Vihang Shankar Naik, Sonal Gupta
HSBC Multi Cap Fund	Venugopal Manghat, Kapil Lal Punjabi, Sonal Gupta
HSBC Aggressive Hybrid Fund	Shriram Ramanathan, Cheenu Gupta (Fund Manager Equity), Sonal Gupta
HSBC Brazil Fund	Sonal Gupta
HSBC Global Emerging Markets Fund	
HSBC Global Equity Climate Change Fund of Fund	Sonal Gupta for equity portion and Kapil Punjabi for Debt portion

**J. WHAT ARE THE INVESTMENT RESTRICTIONS?**

All investments by the Scheme and the Mutual Fund, will always be within the investment restrictions as specified in the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. Pursuant to the Regulations, the following investment and other restrictions are presently applicable to the Scheme:

1. A fund of funds scheme shall not invest in any other fund of funds scheme;
2. A fund of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the SID of the fund of funds scheme.
3. No Scheme of a Mutual Fund shall make any investment in any fund of funds scheme.
4. The Scheme shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of Units or payment of interest and dividend to the Unitholders. Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.
5. Pending deployment of funds of a Scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short-term deposits of scheduled commercial banks, subject to such Guidelines as may be specified by the Board. The requirements of SEBI Circulars, SEBI/IMD/CIR No. 1/91171/07 dated 16 April 2007 and SEBI/IMD/CIR No.7/129592/08 dated 23 June 2008 and SEBI Circular dated SEBI/HO/IMD/DF2/CIR/P/2019/101 dated September 20, 2019 will be adhered to.
6. Transfer of investments from one Scheme to another Scheme in the Mutual Fund is permitted provided:
  - (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
  - (b) The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
7. The Scheme shall get the securities purchased or transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
8. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
9. The Scheme shall not make any investment in:
  - (a) Any unlisted security of an associate or group company of the Sponsor; or

(b) Any security issued by way of private placement by an associate or group company of the Sponsor; or

(c) listed securities of group companies of the Sponsor which is in excess of 25% of the net assets of the Scheme of the Mutual Fund.

10. The Scheme will not invest in any Underlying scheme which invests more than 10% of its net assets in unlisted equity shares/ equity related instruments.

11. No loans for any purpose shall be advanced by the Scheme.

12. The cumulative gross exposure through equity, debt and derivative positions, shall not exceed 100% of net assets of the Scheme. However, the following shall not be considered while calculating the gross exposure:

- a) Security-wise hedged position and
- b) Exposure in Cash or Cash equivalents with residual maturity of less than 91 days.

13. The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

The AMC shall comply with various investment restrictions and guidelines issued by SEBI from time to time.

The Trustees may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the Unitholders.

It is the responsibility of the AMC to ensure that the investments are made as per the internal/Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme. The Fund may follow internal guidelines as approved by the Board of the AMC and the Trustees from time to time. Internal guidelines shall be subject to change and may be amended from time to time in the best interest of the Unitholders. The amendments will be approved by the Board of the AMC and the Trustees of the Mutual Fund.

### Policy on Offshore Investments by the Scheme and the Plans thereunder

All the provisions of SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 read with SEBI circular no. SEBI/IMD/CIR No.2/122577/08 dated April 08, 2008 & SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/225 dated November 05, 2020 and SEBI Circular no. SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/571 dated June 03, 2021, and all applicable regulations / guidelines/ directives/ notifications, as may be stipulated by SEBI and RBI, from time to time will be adhered to.

The AMC / Trustee reserves the right to temporarily suspend subscriptions in/switches into the relevant Schemes, or the subsequent instalments of HSBC SIP/HSBC STP into the Schemes will be stopped from the month in which the subscriptions exceed or are expected to exceed the maximum permissible limits prescribed by SEBI for overseas investments.

### Monitoring Limits on Investments in Overseas Securities

As per SEBI Circular SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 read with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/225 November 05, 2020 and SEBI Circular no. SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/571 dated June 03, 2021, Mutual Fund can invest in overseas securities subject to a maximum of USD 1 billion per mutual fund and in overseas ETF subject to a maximum \$300 million within the overall industry limit of USD 7 billion and USD 1 billion respectively or such limits as may be prescribed by SEBI from time to time.

On an ongoing basis, the AMC is allowed to invest in overseas securities upto 20% of the average Asset Under Management ('AUM') in overseas securities of the previous three calendar months subject to maximum limit of USD 1 billion at Fund house level. SEBI vide

its circular dated June 03, 2021 has clarified that the aforesaid 20% limit for ongoing investment in overseas securities will be soft limit for purpose of reporting only on a monthly basis to SEBI in the format prescribed vide SEBI circular dated November 05, 2020.

### The process for monitoring limit on investments in overseas securities on an ongoing basis is as follows:

- The limit on investment in overseas securities will be monitored & implemented at the Mutual Fund level and not at the individual scheme level.
- In case the subscriptions received on a day (including subscriptions from enrollment for systematic transactions) are more than the balance limit available, then Units will be allotted on a pro-rata basis for all the subscriptions received on that day.
- Further sale of Units will be suspended when overseas securities investments of Mutual Fund reaches a maximum of a cap of USD 1 billion.
- The above process will not have any impact on redemption process.

#### Example:

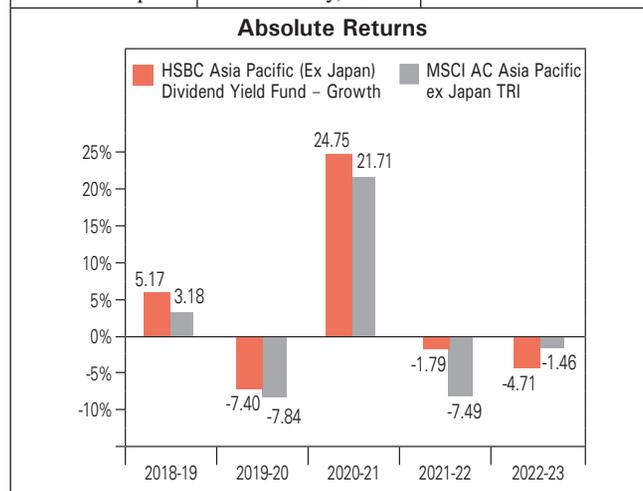
- I. Day T (opening AUM) - USD 900 million is the overseas securities investment of Mutual Fund, incoming cash flows on Day T - USD 100 million - Units will be allotted for the entire application amount.
- II. Day T (opening AUM) - USD 900 million is the overseas securities investment of Mutual Fund, incoming cash flows on Day T - USD 200 million - Units will be allotted only for USD 100 million on a pro rata basis.
  - If the cap of USD 1 billion is reached, any fresh application for fresh allotment will be rejected and refunds will be processed within the regulatory timelines.
  - The above process will not have any impact on redemption process.

## K. HOW HAS THE SCHEME PERFORMED?

### Scheme performance as on March 31, 2023

#### Compounded Annualised Return

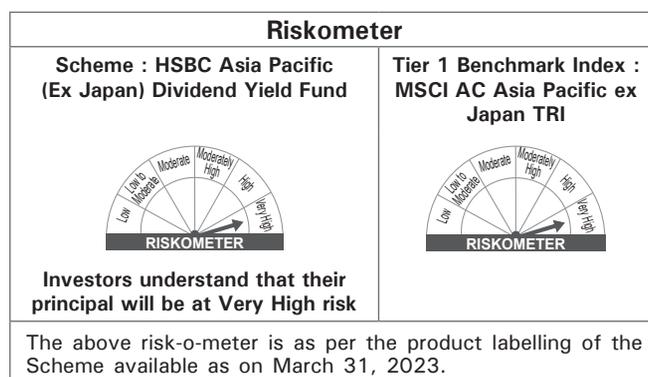
Period	Scheme Returns (%)	Benchmark Returns (%)
Last 1 Year	-4.71	-1.46
Last 3 Years	11.13	11.97
Last 5 Years	5.96	5.93
Since Inception	6.72	7.49
Date of Inception	24 February, 2014	



**Past performance may or may not be sustained in the future.**

**Performance of the benchmark is calculated as per the Total Return Index (TRI).**

Returns are of growth option. The returns for the respective periods are provided as on Last business day of March, 2023. Returns above 1 year are Compounded Annualized. Standard benchmark is prescribed by SEBI and is used for comparison purposes. Different plans shall have a different expense structure. The performance details provided herein are of other than Direct plan.



## L. SCHEME PORTFOLIO HOLDINGS

The top 10 holdings by issuer and fund allocation towards various sectors is provided below (as on March 31, 2023).

### Top 10 Holdings by Issuer

S. No.	Issuer	% to Net Assets
1	HSBC Mutual Fund (India & Global)	97.29
2	Cash and Cash Equivalents	2.71

**Note:** Cash and Cash Equivalents includes Overnight Investments (TREPS/Reverse Repo)

### Fund Allocation towards various Sectors

S. No.	Sector	% to Net Assets
1	Unit Trust/Mutual Funds	97.29
2	Cash and Cash Equivalents	2.71
	<b>Grand Total</b>	<b>100.00</b>

**Note:** Cash and Cash Equivalents includes Overnight Investments (TREPS/Reverse Repo)

Kindly refer the Fund's website, [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in) for monthly portfolio disclosures.

## M. PORTFOLIO TURNOVER

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. The Scheme being open-ended in nature, it is expected that there would be a number of subscriptions and redemptions on a daily basis.

This being a Fund of Fund scheme, disclosure of Portfolio Turnover is not applicable.

## N. INVESTMENT BY DIRECTORS, FUND MANAGER'S AND KEY PERSONNEL OF THE AMC IN SCHEMES OF HSBC MUTUAL FUND

Scheme Name	AuM in INR		
	AMC Directors	Fund Manager	Other Key Personnel of AMC
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	Nil	8,615.26	Nil

**Note:** The above investments are based on holdings as of March 31, 2023 and sourced from the Fund's Registrars records, on the basis of PAN of the above persons. The investments have been aggregated at a scheme level, irrespective of the date of investment into the scheme. The CEO of the AMC being a Director has been included under AMC Directors and not under Key Personnel.

## O. EXPENSES OF UNDERLYING SCHEME

**Expenses of the Underlying Fund for the period April 1, 2022 to March 31, 2023**

Scheme	Expenses of Underlying Scheme
HGIF Asia Pacific ex Japan Equity High Dividend	0.65%

## SECTION III - UNITS AND OFFER

This section provides the details you need to know for investing in the Scheme.

### **New Fund Offer, New Fund Offer Period, New Fund Offer Price, Extension / Pre-poning of the New Fund Offer Period, Minimum Amount for Application in the NFO, Minimum Target Amount, Maximum Amount to be raised, Allotment & Refund and Special Products / facilities available during the NFO**

These sections are not applicable as there is Continuous offer of Units of the Scheme (s) at NAV based prices.

### **A. ONGOING OFFER DETAILS**

#### **1. Plans / Options / Sub-options offered under the Scheme**

The following table details the Plans / Options / Sub-options available in the Scheme and its dividend frequencies:

Name of Scheme and Plans, if any (including Direct Plan)	Options	Sub-Options	Frequency of dividend declaration	Record Date
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	Growth	–	–	–
	Income Distribution cum Capital Withdrawal option (IDCW)	Payout of IDCW and Reinvestment of IDCW	From time to time	As may be decided by the Trustees <sup>^</sup>

<sup>^</sup> If such day is a holiday, then the record date shall be the immediately succeeding Business Day.

#### **\*Direct Plan**

Vide SEBI Circular dated September 13, 2012, the AMC has with effect from January 1, 2013 introduced a separate plan viz. 'Direct Plan' for investors who purchase/subscribe units in a scheme directly with the Fund. Purchase/subscription applications routed through distributor will not be eligible for investment under Direct Plan. Direct Plan is available in all Schemes/Plans of the Fund. All Plans and Options thereunder (including Direct Plan) will have a common portfolio.

All characteristics of the Schemes viz. investment objective, asset allocation pattern, investment strategy, risk factors, facilities offered and terms and conditions including load structure will be same for Direct Plan except that:

- Switch of investments from existing Plans, where the transaction has been received with Distributor Code, (whether the investments were made before or after January 1, 2013) to Direct Plan shall be subject to applicable exit load, if any.
- No exit load shall be levied:
  - in case of switches from Direct Plan to existing Plan.
  - in case of switches from existing Plan, where the transactions were made without Distributor Code, (whether the investments were made before or after January 1, 2013) to Direct Plan.

Direct Plan shall have a lower expense ratio compared to the existing Plan and no commission for distribution of units will be paid / charged under Direct Plan.

All categories of investors (whether existing or new Unit holders) are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {including Stock Exchange platform(s)}.

Investors wishing to transfer their accumulated balance held under any existing Plan of the Schemes (through lumpsum/systematic

investments made with or without distributor code) to Direct Plan will have to switch/redeem their investments (subject to applicable exit load, if any) and apply under the Direct Plan. Investors who have invested through distributor code and have opted for Reinvestment of IDCW facility under the existing plan may note that the dividend will continue to be reinvested in the existing plan only.

Investors should indicate the Scheme / Plan and / or Option etc., wherever applicable, for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the Application Form. In case of valid applications received, without indicating/incorrectly indicating the Scheme / Plan and / or Option etc. the following defaults will be flagged off :

Indication not made/ incorrectly made	Default
Scheme / Plan Name	As indicated on the application form / transaction slip (The applicable NAV shall be as per the funds available for utilization).
Income Distribution cum Capital Withdrawal option (IDCW)/ Growth Option / Sub-options	Growth Option / Sub-options
Payout of IDCW / Reinvestment of IDCW	Reinvestment of IDCW
Mode of holding (in cases where there are more than one applicant)	Joint
Direct Plan opted (with / without distributor code on the application)	Units will be allotted in "Direct Plan"
Broker code is mentioned as "DIRECT" / incorrect / left blank	Units will be created under "Direct Plan" with broker code "Direct"
Status of First Applicant (Individual, HUF, Company etc.)	Others #
* Demat account details	Units will be held in physical mode

\* Applicants, who wish to opt for Demat mode (including a transferee), will be required to have a beneficiary account with a DP of NSDL / CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary account number with DP. In the absence of the information (including incomplete/incorrect information) in respect of DP ID / BO ID, the application will be processed with statement option as 'physical' only.

# Tax rates (including the tax on dividend distribution) wherever applied on 'Others' by the Mutual Fund shall be the same as applicable to a Resident Indian Company.

**With regard to Broker Code, default Plan as per the following table will apply to investors.**

Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured by the AMC
Not mentioned	Not mentioned	Direct Plan
Not mentioned	Direct	Direct Plan
Not mentioned	Regular	Direct Plan
Mentioned	Direct	Direct Plan
Direct	Not Mentioned	Direct Plan
Direct	Regular	Direct Plan

Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured by the AMC
Mentioned	Regular	Regular Plan
Mentioned	Not Mentioned	Regular Plan

In cases of wrong/invalid/incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

### Treatment of Financial Transactions Received Through Suspended Distributors:

- All Purchase/Switch requests (including under fresh registrations of Systematic Investment Plan (“SIP”)/Systematic Transfer Plan (“STP”) or under SIPs/STPs registered prior to the suspension period) received during the suspension period shall be processed under “Direct Plan” and continue to be processed under “Direct Plan” perpetually unless, after suspension of ARN is revoked, investor makes a written request to process the future instalments/investments under “Regular Plan”. HSBC Asset Management (India) Private Limited (‘AMC’) shall also suitably inform the concerned unitholders about the suspension of the distributor from doing mutual fund distribution business.
- Any Purchase/Switch or SIP/STP transaction requests received through the stock exchange platform, from any distributor whose ARN has been suspended, shall be rejected.
- Additionally, where the ARN of a distributor has been terminated permanently, the AMC shall advise the concerned unitholder(s), who may at their option, either continue their existing investments under Regular Plan under any valid ARN holder of their choice or switch their existing investments from “Regular Plan” to “Direct Plan” subject to tax implications and exit load, if any.

## 2. Dividend Distribution Policy

The Trustees propose to follow the below dividend distribution policy:

Declaration of dividend is subject to the availability of distributable surplus. Such dividends if declared, will be paid under normal circumstances, only to those Unitholders who have opted for Income Distribution cum Capital Withdrawal option (DCW) with specified sub-options. Further, no entry/exit load shall be charged for units allotted under Reinvestment of IDCW option.

However, it must be distinctly understood that the actual declaration of dividends under the Scheme and the frequency thereof will, inter-alia, depend upon the distributable surplus of the Scheme, as computed in accordance with SEBI Regulations. The Trustees reserve the right of dividend declaration and to change the frequency, date of declaration and the decision of the Trustees in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor that dividend will be regularly paid.

The dividend that may be paid out of the net surplus of the Scheme will be paid only to those Unit holders whose names appear in the register of Unit holders on the notified record date. In case of Units held in dematerialized mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of units held by them in demat form on the Record Date to the Registrars and Transfer Agent of the Mutual Fund. The dividend will be at such rate as may be decided by the AMC in consultation with the Trustees.

Investors may please note that amounts distributed under Income Distributable cum capital withdrawal options and sub-options, can be made out of investors capital (Equalization Reserve), which is a part of sale price that represents realized gains.

Under the Growth Option, income earned on the Scheme’s corpus will remain invested in the Scheme and will be reflected in the Net Asset Value (NAV). Unit holders who opt for this Option will not receive any dividend in normal circumstances. Under the Income Distribution

cum Capital Withdrawal option (IDCW), it is proposed to distribute dividends at regular intervals, subject to availability of distributable profits, as computed in accordance with SEBI Regulations. Investors in the Scheme have the choice of opting for either payout or reinvestment of dividend, as stated above. Subsequent to the declaration of dividend, NAV of the Income Distribution cum Capital Withdrawal option and Growth Option will be different.

### Dividend Distribution Procedure

In accordance with SEBI Circular no. SEBI/IMD/Cir No. 1/64057/06 dated April 4, 2006 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 5, 2021, the procedure for Dividend Distribution would be as under:

- Quantum of dividend in rupee terms and the record date will be fixed by the Trustee in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.
- Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.
- Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders for receiving dividends. As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the record date shall be 2 working days from the date of public notice.
- The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).
- The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.
- Before the issue of such notice, no communication indicating the probable date of dividend declaration in any whatsoever, will be issued by Mutual Fund.

The dividend proceeds may be paid by way of dividend warrants/direct credit/Electronic Funds Transfer (EFT)/Electronic Clearing Service (ECS) Credit / National Electronic Funds Transfer (NEFT)/Real Time Gross Settlement (RTGS)/Wired Transfer/National Electronic Clearing Service (NECS)/any other manner through the investor’s bank account specified in the Registrar’s records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.

As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2022 the AMC shall dispatch payment of the dividend proceeds within 7 working days from the record date.

AMC may also use instruments or payment channels such as RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by Reserve Bank of India from time to time, for payments including refunds to unitholders in addition to the cheque, demand draft or dividend warrants.

Further, AMC may also use modes of despatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post with acknowledgement due.

## 3. Who can invest?

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.

The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted and duly authorised under their respective constitutions, charter documents, corporate/other authorisations and relevant statutory provisions etc):

1. Adult individuals resident in India, either singly or jointly.
2. Karta of Hindu Undivided Family (HUF)
3. Minor through parent/lawful guardian.
4. Companies, bodies corporate, public sector undertakings, association of persons, bodies of individuals, societies registered under the Societies Registration Act, 1860, mutual fund schemes (so long as the purchase of units is permitted under the respective constitutions)
5. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds
6. Partnership Firms
7. Banks (including Co-operative Banks and Regional Rural Banks) & Financial Institutions
8. Non-resident Indians (NRIs)/Persons of Indian Origin on full repatriation basis (subject to RBI approval, if required) or on non-repatriation basis
9. Foreign Portfolio Investors (FPIs)/Foreign Portfolio investors (FPI) registered with SEBI on full repatriation basis (subject to RBI approval, if required)
10. Army, Air Force, Navy and other para-military funds and eligible institutions
11. Scientific and Industrial Research Organisations
12. Provident/Pension/Gratuity and such other Funds as and when permitted to invest
13. International Multilateral Agencies approved by the Government of India/RBI
14. Other Schemes of the Fund subject to the conditions and limits prescribed in SEBI Regulations
15. Trustees, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws), may subscribe to the Units under the Scheme.
16. Foreign investors (termed as Qualified Foreign Investors) who meet KYC requirement as per PMLA (Prevention of Money Laundering Act, 2002) and FATF (Financial Action Task Force) standards. Acceptance of subscriptions from Foreign investors will be subject to compliance with provisions under SEBI circular no. CIR/IMD/DF/14/2011 dated August 9, 2011 and any other applicable guidelines.

### Who cannot invest?

The following persons/entities cannot invest in the scheme:

1. United States Person as defined under the Laws of the United States of America, including, without limitation, the rules and regulations promulgated by the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission; or is a person who has elected to be treated as a US tax resident for US federal income tax purposes
2. Persons residing in Canada;
3. Persons residing in any Financial Action Task Force (FATF) declared non-compliant country or territory.
4. Overseas Corporate Bodies (OCBs), being firms and societies which are held directly/indirectly to the extent of at least 60% by NRIs and/or overseas trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons.
5.
  - a. Persons who are, subject to sanctions or residing in or have any of their addresses in countries which are subject to sanctions.
  - b. Persons who are in breach of the laws and regulations relating to KYC, money laundering, terrorist financing or any other Financial Crimes.

### Note:

- i) Investors are requested to note that if subsequent to the account opening, an investors' status changes or is found to be of any

category mentioned under 'Who cannot invest?' as above, the AMC reserves the right to redeem such investor's investments.

- ii) Non Resident Indian investors and Foreign Nationals must provide their complete overseas address, including the Country of residence, in the application form, to avoid rejection of the application.
- iii) The Trustee and/or AMC shall be entitled to reject any application from investors and/or carry out forceful redemption of Units when it is discovered that the investor is subject to sanctions or any other financial crimes, directly or indirectly.
- iv) The AMC and its Group companies (in India and outside India) are required to and may take any action to meet their Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime and act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to Financial Crime. The AMC may take, and may instruct (or be instructed by) any of its group companies to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests. Such action may include but is not limited to (a) combining investor information with other related information in the possession of HSBC Group, (b) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming your identity and status and/or (c) share information on a confidential basis with such Group offices whether located in India or overseas in relation to prevention of Financial Crime.
- v) In case an investor who is a foreign national and resident in India, ceases to be resident in India, such investor will be required to redeem his/her investments prior to change in the resident status. The AMC reserves the right to redeem investments of such investors if their resident status is found to have changed to a country other than India. The redemption proceeds will be credited in Indian rupees only. Further, the AMC, its associates or service providers reserve the right to seek additional documents, implement controls and/or impose restrictions with respect to acceptance of investments from foreign nationals resident in India including the right to reject applications or subsequently redeem investments which are not in line with the controls deemed necessary by the AMC.

For the purpose of this clause:

"Compliance Obligations" means obligations of the AMC to comply with: (a) laws or international guidance and internal policies or procedures, (b) any demand or request from authorities or reporting, disclosure or other obligations under laws, and (c) laws requiring us to verify the identity of our customers.

"Financial Crime" includes money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any laws relating to these matters."

Investors are requested to note that information will be obtained from CVL/SEBI appointed KRA (KYC Registration Agency) database and information in the AMC records will be overwritten. In the event of any discrepancy in the application on account of address or residence status, the application will be rejected and the money will be refunded upon confirmation from CVL/KRA database.

The Fund reserves the right to include or exclude new/existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any. Subject to the SEBI (MF) Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee. The Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.

## Process for Investments made in the name of a Minor through a Guardian

Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only, else the transaction is liable to get rejected. Existing unit holders are requested to review the Bank Account registered in the folio and ensure that the registered Bank Mandate is in favour of minor or joint with registered guardian in folio. If the registered Bank Account is not in favour of minor or not joint with registered guardian, unit holders will be required to submit the change of bank mandate, where minor is also a bank account holder (either single or joint with registered guardian), before initiation any redemption transaction in the folio, else the transaction is liable to get rejected. Unit holders are required to submit the supporting document for old bank account as well as new bank account while submitting the request for change of bank mandate. Where can you submit the filled up applications

Computer Age Management Services Limited (CAMS) having its processing unit at 6th Floor, KGN Towers, No. 62 Ethiraj Salai, (Commander-In-Chief Road), Egmore, Chennai – 600105 has been appointed as Registrar for the Scheme. The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / ISCs / Official Points of Acceptance, Details of official points of acceptance of transactions are provided on inside back cover page.

Additionally, all the authorized Point of Service (POS) of MFUI shall be eligible to be considered as ‘official points of acceptance’ for all financial and non-financial transactions in the schemes of HSBC Mutual Fund physically. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com).

Further, Investors can execute financial and non-financial transactions pertaining to Schemes of the Fund electronically on the MF Central portal i.e. <https://www.mfcentral.com/> as and when such facility is made available by MF Central portal i.e. <https://www.mfcentral.com/> as and when such facility is made available by MF Central.

## 4. Where can you submit the filled up applications

Computer Age Management Services Ltd. (CAMS) having its processing unit at New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034 has been appointed as Registrar for the Scheme. The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres/ISCs/Official Points of Acceptance, Details of official points of acceptance of transactions are provided on inside back cover page.

Additionally, all the authorized Point of Service (POS) of MFUI shall be eligible to be considered as ‘official points of acceptance’ for all financial and non-financial transactions in the schemes of HSBC Mutual Fund physically. The list of POS of MFUI is published on the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com). Further, Investors can execute financial and non-financial transactions pertaining to Schemes of the Fund electronically on the MF Central portal i.e. <https://www.mfcentral.com/> as and when such facility is made available by MF Central.

## Bank Account Numbers

In order to protect the interest of investors from fraudulent encashment of cheques, cheques specify the name of the Unitholder and the bank name and account number where payments are to be credited. As per the directive issued by SEBI vide its letters IIMARP/MF/CIR/07/826/98 dated April 15, 1998, and IMD/CIR/No. 6/4213/04 dated March 1, 2004, it is mandatory for applicants to mention their bank details in their applications for purchase or redemption of units.

It is important for applicants to mention their bank name, bank account number, branch address, account type in their applications for subscription or repurchase of Units. **Applications without this information shall be rejected.**

It may be noted that in case of those Unitholders who hold Units in demat form, the bank mandate available with respective DP will be

treated as the valid bank mandate for the purpose of payout at the time of any corporate action.

## 5. How to apply?

Please refer to the Statement of Additional Information (SAI) and instructions under the Key Information Memorandum cum Application form of the scheme.

For Investors, who wish to opt for holding Units in demat mode, the applicants under the scheme (including a transferee) will be required to have a beneficiary account with a DP of NSDL/CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary owner account number (BO ID) with DP. In the absence of the information (including incomplete/incorrect information) in respect of DP ID/BO ID, the application will be processed with statement option as ‘physical’.

Investors subscribing under Direct Plan of a Scheme are required to indicate “Direct Plan” against the Scheme name in the application form e.g. “HSBC Asia Pacific (Ex Japan) Dividend Yield Fund - Direct Plan”. Investors are also required to indicate “Direct” in the ARN column of the application form. However, in case Distributor Code is mentioned in the application form but “Direct Plan” is indicated against the Scheme name, the Distributor Code will be ignored and the application will be processed under Direct Plan.

Further, new investors who are not KYC compliant are requested to use the Common KYC Application form available on the website of the Fund and complete the KYC process including In-Person Verification (IPV), through any SEBI registered intermediary like Mutual Funds, Portfolio Managers, Depository Participants, Venture Capital Funds etc. The investor upon completing the KYC process through any SEBI registered intermediary, will not be required to undergo the KYC process again with other intermediaries including Mutual Funds. Further, IPV conducted for an investor by any SEBI registered intermediary can be relied upon by the Fund. With respect to Mutual Funds, IPV can be carried out by the AMC or by KYD (Know Your Distributor) compliant distributors who hold certifications from NISM/AMFI, while for applications received directly from investors (i.e. not through any distributor), IPV conducted by scheduled commercial banks can be relied upon.

In continuation to the above, all investors investing or switching Units should mandatorily complete the KRA KYC formalities. Those investors who had obtained MF KYC compliance through CVL (KYC registration authority till 31 December 2011) are required to submit necessary supporting(s) and update the missing information to be in compliance with the uniform KYC requirement laid down by SEBI. For investors who have not completed KYC compliance through KRA, any application received without the requisite KYC information will be rejected. However, investors who have obtained KRA KYC compliance, as well as existing investors of the Fund who have registered their KYC details with the Fund shall be required to submit the additional KYC information to the Fund, only in the event of change in their occupation or income details. Kindly use the updated application forms or the separate KYC form of the Fund, available at ISCs or on the Fund's website for updating the additional information.

**Beneficial Ownership** : SEBI circular dated January 24, 2013 on identification of Beneficial Ownership has prescribed a uniform approach to be followed for determination of beneficial owners. A ‘Beneficial owner’ is defined as a natural person/s who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, which includes persons who exercise ultimate effective control over a legal person or arrangement. All categories of investors (except individuals, company listed on a stock exchange or majority-owned subsidiary of such company) are requested to provide details about beneficial ownership in the specified section of the Fund's application forms. The Fund reserves the right to reject applications (including switches)/restrict further investments from such investors or seek additional information if the requisite information on beneficial ownership is not duly provided. In the event of change in beneficial ownership, investors are requested

to update the details with the Fund/Registrar.

### **Subscription of Units through Online platform:**

The Fund allows its investors to invest in any scheme of HSBC Mutual Fund through its website <https://invest.assetmanagement.hsbc.co.in> and mobile application 'Invest Xpress'. The Fund will also allow existing investors to transact through the website of the Fund's Registrar & Transfer Agent (CAMS), i.e. [www.camsonline.com](http://www.camsonline.com). Additionally, website / mobile application of MFUI shall be eligible to be considered as 'official points of acceptance' for all financial and non-financial transactions in the schemes of HSBC Mutual Fund electronically. For further information, kindly refer to the website of MFUI at [www.mfuindia.com](http://www.mfuindia.com).

Further, Investors can execute financial and non-financial transactions pertaining to Schemes of the Fund electronically on the MF Central portal i.e. <https://www.mfcentral.com/> as and when such facility is made available by MF Central.

However, the Fund will not be liable for any failure to act upon electronic instructions or to provide any facility for any cause that is beyond the control of the Fund.

### **6. Listing**

Being an open ended Scheme under which sale and repurchase of Units will be made on continuous basis by the Mutual Fund, the Units of the Scheme are generally not proposed to be listed on any stock exchange. However, the AMC may at its sole discretion, list the Units under the Scheme on one or more stock exchanges at a later date, if deemed necessary.

### **7. The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same**

Presently the AMC does not intend to reissue the repurchased units. The Trustee reserves the right to reissue the repurchased units at a later date after issuing adequate public notices and taking approvals, if any, from SEBI.

### **8. Option to hold Units in dematerialized (Demat) form**

An option is available to investors to receive allotment of mutual fund Units in their demat account while subscribing to any scheme of the Fund. Unit holders opting to hold the Units in demat form must provide their demat account details in the specified section of the application form and should furnish Bank Account details linked with their demat account. (Kindly refer the application form for Demat available on the Fund's website, [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)). Units will be credited to the investor's demat account after due verification and confirmation from NSDL/CDSL of the demat account details. The bank mandate registered in the demat account will be treated as the valid bank mandate for the purpose of payout by the Fund. The option to subscribe/hold Units in demat form shall be in accordance with the guidelines/procedural requirements laid down by the Depositories (NSDL/CDSL) from time to time.

The option to hold Units in demat mode also includes allotment of Units made through SIP transactions in any scheme of the Fund, which offers the SIP facility. For SIP transactions, Units will be allotted as per 'Applicable NAV for Sale of Units' as mentioned under Section III. 'Units and Offer' and will be credited to the investor's demat account on a weekly basis upon realization of funds. The demat facility is currently not available in plans/options where the dividend distribution frequency is less than 1 month.

In case the Unit holder desires to hold the Units in a dematerialized/rematerialized form at a later date, the request for conversion of Units held in physical form into demat (electronic) form or vice-versa should be submitted along with a Demat/Remat Request Form to the Depository Participant. Unitholders will be required to submit all non-financial requests and redemption requests to their respective

Depository Participant, for Units held in demat form. Such Units held in demat form will be transferable subject to the provisions laid down in the SID/SAI and/or KIM of the Fund and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as may be amended from time to time.

The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.

### **9. Restrictions, if any, on the right to freely retain or dispose of units being offered**

#### **i) Transfer & Transmission of Units**

The Unit holders are given an option to hold the Units by way of an Account Statement (physical form) or in Dematerialized (demat form). As described below, units held in Demat mode as well as in physical form (account statement) are transferable.

**Transfer or units held in Demat mode:** Such units are transferable (subject to lock-in period, if any and subject to lien, if any marked on the units) in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 2018, as may be amended from time to time. Transfer can be made only in favor of transferees who are capable of holding Units and having a Demat Account. The delivery instructions for transfer of Units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode. Further, for the procedure of release of lien, the investors shall contact their respective DP.

**Transfer of units held in Physical form:** Units held in physical form are normally not certified. However, if an applicant so desires to transfer units, the AMC, upon submission of documents which will be prescribed from time to time, shall certify the units and issue a fresh statement/certificate to the extent of certified units to the investor within 5 business days of the receipt of request. If the investor intends to transfer units, it could be done to the extent of certified units mandatorily using the statement/certificate issued post certification of units. Certificate/statement issued post certifying of units must be duly discharged by the Unit holder(s) and surrendered along with the request for Transfer. AMC reserves the right to accept the request for certification of units. The AMC reserves the right to reject the application for transfer, post acceptance of the same, if any of the requisite documents/declarations are unavailable or incomplete. Also, unitholders are required to surrender the certificate/statement in case they wish to carry out any other transactions (such as redemption, switch, etc.) post unit certification.

A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole holder or the survivors of joint holders, upon producing evidence and documentation to the satisfaction of the Fund and upon executing suitable indemnities in favor of the Fund and the AMC, shall be registered as a Unit holder if the transferee is otherwise eligible to hold the Units.

Where the Units of the Plan(s) are issued in demat form in the Demat account of the investor, the nomination as registered with the DP will be applicable to the Units of the Plan(s). A Nominee/legal heir approaching the Fund for Transmission of Units must have beneficiary account with a DP of CDSL or NSDL, since the Units shall be in demat mode. It may be noted that the nominee/legal heir is required to provide a copy of his/her PAN card as well as fulfill the Know Your Customer (KYC) requirements which is a pre-requisite for the transmission process.

In the event of transmission of units to a Minor, documents submitted including KYC, bank attestation, indemnity etc. should be of the guardian of the minor.

Investor(s) claiming transmission of Units in his/their name(s) are required to submit prescribed documents based on the kind of scenario for transmission. Kindly refer the Fund's website

([www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)) for a ready reckoner matrix of necessary documents under different transmission scenarios. The Fund may also seek additional documents if the amount involved is above Rs. 2 lacs, on a case to case basis or depending upon the circumstances of each case.

#### **Processing of Transmission-cum-transaction requests:**

If an investor submits either a financial or non-financial transaction request along with transmission request, then such transaction requests will be processed after the Units are transferred in the name of new unit holder and only upon subsequent submission of fresh request from the new unit holder post transmission. Under normal circumstances, the Fund will endeavor to process the transmission request within 10 business days, subject to receipt of complete documentation as applicable. The AMC reserves the right to insist on transmission along with redemption request by the claimant at any point deemed necessary.

#### **ii) Pledge/Lien**

If in conformity with the guidelines and notifications issued by SEBI/Government of India/any other regulatory body from time to time, Units under the Scheme may be offered as security by way of a pledge/charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body.

The AMC and/or the ISC will note and record such pledged/lien marked Units. A standard form for this purpose is available on request from any ISC. Disbursement of such loans will be at the entire discretion of the bank/financial institution/NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof. The Pledgor/Lendor will not be able to redeem/switch Units that are pledged/lien marked until the entity to which the Units are pledged/lien marked provides written authorisation to the Mutual Fund that the pledge/lien charge may be removed. As long as Units are pledged/lien marked, the Pledgor/Lendor will have complete authority to redeem such Units.

The distributions in the nature of dividends which are paid out on Lien marked/pledged Units shall be made in favor of the investor, unless understood and accepted between the unit holder(s) and financier/lender.

**Units held in dematerialized form:** In case of Units held in dematerialized form, the rules of Depository will be applicable for Lien marking/Pledge of the Units of the Scheme. Units can be Lien marked/pledged by completing the requisite forms/formalities as may be required by the Depository.

The AMC reserves the right to change the procedure for Lien marking/pledge of MF Units from time to time.

#### **iii) Fractional Units**

Since a request for redemption or purchase is generally made in rupee amounts and not in terms of number of Units of the Scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places for the Scheme. However, fractional Units will in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the Unitholder's credit.

#### **iv) Suspension of Sale/Repurchase/Switch of Units**

The Mutual Fund at its sole discretion reserves the right to withdraw sale or switch-in of the Units in the scheme temporarily or indefinitely, if in the opinion of the AMC, the general market conditions are not favourable and/or suitable investment opportunities are not available for deployment of funds.

The sale or switch-in of the Units may be suspended under the following conditions:

- If the limits prescribed by SEBI for overseas investments are exceeded or are expected to exceed as per the procedure set out in this SID and subject to the SEBI Regulations and approvals.

The current limit for overseas investments by the Mutual Fund is equivalent to USD 1 Billion or such other limit as may be prescribed/permitted by SEBI from time to time.

- When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays.
- In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the scheme cannot be accurately calculated.
- During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.
- When AMC is of the view that further increasing the size of the corpus of the Scheme may prove detrimental to the interest of the existing unit holders.
- In case of natural calamities, strikes, riots and bandhs.
- In the event of any force majeure or disaster that affects the normal functioning of the AMC, ISC or the Registrar.
- If so directed by SEBI.

Further, an order to purchase Units is not binding on and may be rejected by the Trustees, the AMC or their respective agents, until it has been confirmed in writing by the AMC or its agents and payment has been received.

The AMC/Trustee reserves the right to temporarily suspend subscriptions in/switches into the relevant Schemes, or the subsequent installments of HSBC SIP/HSBC STP into the Schemes will be stopped from the month in which the subscriptions exceed or are expected to exceed the maximum permissible limits prescribed by SEBI for overseas investments.

#### **v) Suspension of Redemption of units**

- The AMC may, subject to specific approval of the Boards of AMC and Trustees, impose restrictions on redemptions (including switch-out) in the scheme(s) if there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
  - a) Liquidity issues in the market at large.
  - b) Market failures and/or exchange closures due to unexpected events relating to, but not limited to, political, economic, military, monetary or other emergencies.
  - c) Operational issues due to exceptional circumstances like force majeure, unpredictable operational problems and technical failures.
- Restriction on redemption may be imposed for a specific period of time not exceeding 10 working days in any 90 days period.
- Any imposition of restrictions on redemption will be informed to SEBI.
- In the event that redemption restrictions are imposed by the AMC, in addition to above requirements, the AMC will ensure the following:
  - a) Redemption request up to Rs. 2 lakh shall not be subject to such restriction.
  - b) For redemption request above Rs. 2 lakh, the AMC shall redeem the first Rs. 2 lakh without such restriction and the remaining part over and above Rs. 2 lakh, shall be subject to restriction, as may be imposed.

#### **vi) Freezing/Seizure of Accounts**

Investors may note that under the following circumstances the Trustee/AMC may at its sole discretion (and without being responsible and/or liable in any manner whatsoever) freeze/seize a Unit holder's account (or deal with the same in the manner the Trustee/AMC is directed and/or ordered) under the Scheme:

- Under any requirement of any law or regulations for the time being in force.

- Under the direction and/or order (including interim orders) of any regulatory/statutory authority or any judicial authority or any quasi-judicial authority or such other competent authority having the powers to give direction and/or order.

#### vii) Static Details

The details provided by investors in the application form for subscribing to Units should be same as the details registered with the DP.

- In the event of any conflict, the details registered with the DP will prevail.
- In case any particular detail is not registered with the DP, the details in the application form will be considered.
- In the event of mismatch in the mode of holding as mentioned in the application form vis-à-vis details with the DP, the application is liable to be rejected.

#### viii) Third party Cheques

- Third party payments (i.e where payment is made from a source other than that of the first holder) will not be accepted by the Fund, except if made under the following exceptional categories, namely
  - as gift by parents/grandparents/related persons in favour of minor, not exceeding Rs. 50,000/-,
  - employer on behalf of employee as payroll deductions or deductions out of expense reimbursements for SIP/Lumpsum investments,
  - Custodian on behalf of FPI/client and
  - Payment by Asset Management Company (AMC) to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by the AMC through Systematic Investment Plans or Lumpsum Investment (w.e.f January 16, 2012).
  - Payment by a Corporate to its Agent/Distributor/Dealer, on account of commission or incentive payable for sale of its goods/services, in the form of the Mutual Fund Units through Systematic Investment Plan or Lumpsum Investment (w.e.f. April 20, 2015). In such cases, KYC acknowledgement along with additional declarations will have to be submitted along with the application form, failing which the application will be rejected. Such declaration to be submitted in original & in the prescribed standard format and unique across each lumpsum investment. (Declaration formats can be obtained from ISCs or downloaded from the Fund's website.)
- In case of payment from a joint bank account, first holder in the folio has to be one of the joint holders of the bank account from which the payment is made. Hence, joint holders may pre-register their bank accounts (single/multiple) with the AMC/RTA, by completing the Multiple Bank Account Registration Form, if they intend to make payment on behalf of other joint holder(s) in the folio. In such cases the application will be accepted and not treated as a third party payment.
- Where the payment instrument does not mention the bank account holders name/s or Signature of the units holder as on the investment application does not match with the signature on the payment instrument, investor should attach bank pass book copy/bank statement/bank letter to substantiate that the first unit holder is one of the joint holders of the bank account. Where a payment is through a pre-funded instrument, a bank certification of the bank account no. and account holders name should be attached, in the required format. Pre-funded instrument issued against cash shall not be accepted for investments of Rs. 50,000 or more. For RTGS/NEFT/online bank transfer etc., a copy of the instruction to the bank stating the account number debited must accompany the purchase application.
- The AMC reserves the right to reject the application, post acceptance of the same, if any of the requisite documents/declarations are unavailable or incomplete, in which case the AMC shall refund the subscription money.

**No interest will be payable on the subscription money refunded. Refund orders will be marked "A/c. payee only" and will be in favour of and be despatched to the Sole/First Applicant, by**

#### courier/speed post/registered post.

AMC may also use instruments or payment channels such as RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by Reserve Bank of India from time to time, for payments including refunds to unitholders in addition to the cheque, demand draft or dividend warrants.

Further, AMC may also use modes of despatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post with acknowledgement due.

#### ix) Multiple Bank accounts

The unit holder/investor can register multiple bank account details under its existing folio by submitting separate form available on the website of the AMC at [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in). Individuals/HUF can register upto 5 different bank accounts for a folio, whereas non-individuals can register upto 10 different bank accounts for a folio.

#### x) Prevention of Money Laundering and Know Your Client (KYC) Norms

KYC (Know Your Customer) norms are mandatory for all unit holders, including for all joint holders and the guardian in case of folio of a minor investor for transacting in Mutual Funds. Accordingly, financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests will not be processed if the unit holders (including POA holder) have not completed KYC requirements. Investors are requested to note that all investors are required to be KRA (KYC Registration Agency) KYC compliant. Those investors who had obtained MF KYC compliance through CVL (KYC registration authority till 31 December 2011) are required to submit necessary supporting(s) and update the missing information to be in compliance with the uniform KYC requirement laid down by SEBI.

Pursuant to SEBI circular dated December 26, 2013 on uniform KYC norms, certain information from Part I of the standard KYC application form, sourced by KRA (KYC Registration Agency) has been shifted to Part II which captures information specific to the area of activity of an intermediary. Accordingly, the additional KYC information required for mutual fund activities has been incorporated into the new application forms of the Fund and investors are requested to provide the same in order for the Fund to have all the necessary KYC details. For investors who have not completed KYC compliance through KRA, any application received without the requisite KYC information will be rejected. However, investors who have obtained KRA KYC compliance, as well as existing investors of the Fund who have registered their KYC details with the Fund shall be required to submit the additional KYC information to the Fund, only in the event of change in their occupation or income details. Kindly use the updated application forms or the separate KYC form of the Fund, available at ISCs or on the Fund's website for updating the additional information. The AMC reserves the right to reject the application and refund the application amount, post acceptance of the application, in the event that the required KYC information is not provided or not found adequate.

Further, in accordance with SEBI Circulars MIRSD/SE/Cir- 21/2011 dated October 5, 2011 and MIRSD/Cir-5/2012 dated April 13, 2012 on Uniform Know Your Client (KYC) read with AMFI Best practices guidelines circular no. 62/2015-16 dated September 18, 2015, it shall be mandatory for existing Unit holders to provide additional KYC information such as Income details, Occupation, Politically Exposed Person status, Net worth etc. as mentioned in the application form as well as complete In-Person Verification (IPV) and provide any missing KYC information, failing which the AMC shall have the authority to reject the transaction for additional subscription (including switches) in their existing folios. However, any SIP/STP registered till December 31, 2015 will be exempt from this requirement.

#### Implementation of Central KYC (CKYC)

The Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI, an independent body), to perform the function of Central

KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form. Accordingly, in line with SEBI circular nos. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016 on Operationalisation of Central KYC (CKYC), read with AMFI Best Practice Guidelines circular No. 68/2016-17 dated December 22, 2016 and circular no. AMFI/35-P/Mem-Cor/32/2017-18 dated January 5, 2018, new individual investors investing into the Fund are requested to note the following changes, from February 1, 2017.

1. New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system, will be required to fill the new CKYC form while investing with the Fund.
2. If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form.
3. Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC Registry can invest in schemes of the Fund quoting their 14 digit KIN in the application form. Further, in case the investor's PAN is not updated in CKYC system, a self-certified copy of PAN Card will need to be provided.

### **Updation of Permanent Account Number (PAN) for transactions in HSBC Mutual Fund**

Investors are requested to note that PAN is mandatory for all financial transactions in schemes of the Fund, with respect to all unitholders in the folio. Accordingly, any financial transactions received without PAN, in respect of non-PAN-exempt folios, shall be rejected in case the copy of the PAN card is not submitted earlier to the Fund or along with the transaction. The AMC reserves the right to keep on hold the transaction till the PAN is validated by the AMC/Registrar.

The investors who have not provided the copy of PAN card to the AMC or not completed the KYC process at the time of investing in any of the schemes of the Fund, are advised to provide a copy of self-attested PAN card by submitting 'KYC Change Request Form' which is available on our website <https://www.assetmanagement.hsbc.co.in/en/mutual-funds>.

### **10. Sale, Repurchase and Switch of Units on On-going Basis**

The Units of the Scheme are available for sale, repurchase and switch at applicable NAV based prices, subject to prevalent load provisions, if any, on every business day.

#### **i) Sale (Purchase) of Units**

The Units of the Scheme will be available at the sale price, which is based on the Applicable NAV, subject to sales load and subject to the minimum application amount specifications. Subscriptions on an ongoing basis will be made only by specifying the amount to be invested and not the number of Units to be subscribed. The total number of Units allotted will be determined with reference to the applicable sale price and fractional Units may be created. Fractional Units will be computed and accounted for up to three decimal places for all Scheme. Fractional Units will in no way affect the investor's ability to redeem Units. The AMC reserves the right to review the terms of acceptance of subscription requests and reserves the right to change the basis for subscription from amount basis to any other basis, subject to the SEBI Regulations. Refer Section III.8 v) on 'Suspension of Sale/Repurchase/Switch of Units.'

#### **ii) Repurchase (Redemption) of Units**

The repurchase request can be made on a pre-printed form or by such other method(s) as may be acceptable to the Fund/AMC from time to time. Such request should be submitted at any of the Investor Service Centres/Designated Collection Centres.

The repurchase would be permitted to the extent of credit balance in the Unitholder's account. The repurchase request can be made by specifying the rupee amount or the number of Units to be repurchased. Repurchase requests can be made for a minimum amount of Rs. 1000/- (Rupees One Thousand Only) and in multiples of Re. 1/- (Rupee One Only) thereafter in case of all the Schemes of the Fund. Where a request for a repurchase is for both amount and number of Units, the amount requested for repurchase will be considered as the definitive request.

If the balance in the Unitholder's account does not cover the amount of repurchase request, then the Mutual Fund is authorised to close the account of the Unitholder and send the entire such (lesser) balance to the Unitholder. In case an investor has purchased Units on more than 1 Business Day, the Units purchased prior in time (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first i.e. on a First-in-First-Out basis.

Unitholders may also request for redemption of their entire holding and close the account by indicating the same to the Fund/AMC. Where however, the Unitholder wishes to redeem Units for a specified amount, then the amount to be paid on redemption will be divided by the redemption price, and the resultant number of Units will be redeemed.

In case the Units are standing in the names of more than one Unitholder, where mode of holding is specified as 'Joint', redemption requests will have to be signed by ALL joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only. A fresh Account Statement/Transaction Confirmation will be sent to the redeeming investors, indicating the new balance to the credit in the Account.

The redemption cheque will be issued in favour of the Sole/First Unitholder's registered name and bank account number, and will be mailed to the registered address of the Sole/First holder as indicated in the original Application Form. The Fund may also directly credit the investor's bank account with the redemption proceeds, in lieu of issue of redemption cheque. The redemption cheque will be payable at par at all the places where the Investor Service Centres are located. The bank charges for collection of cheques at all other places will be borne by the AMC.

Further, as Units may not be held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Mutual Fund may mandatorily redeem all the Units of any Unitholder where the Units are held by a Unitholder in breach of the same.

The Trustees may mandatorily redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete.

If a Unitholder makes a redemption request immediately after purchase of Units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by him (for purchase of Units) is realised and the proceeds have been credited to the concerned Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.

#### **iii) Switching Options**

On an on-going basis, the Unitholders have the option to switch all or part of their investment from one Scheme to any of the other Scheme offered by the Fund, which is available for investment at that time, subject to prevailing load structure.

Where an investor seeks to move between the IDCW and growth alternatives within an option of the Scheme/Plan, this will not be construed as a switch. Consequently, no load will apply to such

movements. Investors also have the option of switching between various Plans/Options of the same Scheme. To effect a switch, a Unitholder must provide clear instructions. A request for a switch may be specified either in terms of amount or in terms of the number of Units of the Scheme from which the switch is sought. Where a request for switch is for both amount and number of Units, the amount requested will be considered as the definitive request. Such instructions may be provided in writing and lodged on any Business Day at any of the Investor Service Centres/Designated Collection Centres.

The switch will be effected by redeeming units from the Scheme in which the units are held and investing the net proceeds in the other Scheme / Plans/Options, subject to the minimum balance, minimum application amount and subscription/redemption criteria applicable for the target Scheme.

Valid requests for 'switch out' shall be treated as redemptions and for 'switch in' shall be treated as purchases, after considering any prevalent exit and entry loads or a combination thereof for switches. A switch by NRI/FPI Unitholders will be subject to the compliance of procedures and/or final approval of the Reserve Bank of India or any other agency, as may be required.

The AMC reserves the right to charge different (including zero) loads on Applicable NAV on switchover as compared to the sale/repurchase as the case may be.

In view of the individual nature of tax impact, each investor is advised to consult his or her own tax consultant with respect to the capital gains/loss and specific tax implications arising out of switches and redemptions.

### 11. Ongoing price for subscription (purchase) / switch-in (from other Schemes/Plans of the Fund) by investors (Sale Price)

This is the price an investor needs to pay for purchase/switch-in. The sale price of the Units, on an ongoing basis, is based on the Applicable NAV. As per SEBI circular dated June 30, 2009, no entry load shall be charged for subscriptions made under the Plans/Options available under the Scheme.

**Note:** Purchase/Switch-in is not allowed under Segregated Portfolio. However, the unit of Segregated Portfolio will be listed on the recognized Stock Exchange.

### 12. Ongoing price for redemption (sale) / switch outs (to other Schemes/plans of the Mutual Fund) by investors. (Repurchase Price)

*This is the price an investor will receive on redemptions/switch outs.*

Investors may submit their redemption/switch out request on any Business Day. The redemption will be processed as per the cut off timing and desired amount/units will be redeemed at the Applicable NAV on such date after charging applicable Exit Load, if any.

The Repurchase Price of the Units as per current SEBI Regulations shall not be lower than 95% of the Applicable NAV.

The repurchase price of the Units, on an ongoing basis, is based on the Applicable NAV. As per SEBI Regulations, an exit load upto a maximum of 5% may be charged for all redemptions under the Plans / Options available under the Scheme.

It will be calculated as follows:

Repurchase Price = Applicable NAV \* (1 - Exit Load, if any)

#### Example

If the Applicable NAV is Rs.15 and the exit load applicable is 0.5%, the repurchase price is calculated as follows:

Repurchase Price = 15 \* (1 - 0.005)  
= 15 \* 0.995  
= 14.925

**Note:** Purchase/Switch-in is not allowed under Segregated Portfolio. However, the unit of Segregated Portfolio will be listed on the

recognized Stock Exchange.

### 13. Cut off timings for subscriptions/redemptions / switch-ins/switch-outs

This is the time before which an investor's application (complete in all respects) should reach the official points of acceptance.

The cut off timings for determining applicable NAVs for subscriptions/redemptions/switch-ins/switch-outs to be made at the Investor Service Centres/Designated Collection Centres (designated as 'Official Points of Acceptance' from time to time) are as per the following table:

Scheme/Plan	Subscription	Redemption	Switch In	Switch Out
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	3.00 p.m.	3.00 p.m.	3.00 p.m.	3.00 p.m.

Where a request for redemption/switch is received after the cut-off time as mentioned above, the request will be deemed to have been received on the next Business Day.

#### i) Applicable NAV for Sale of Units

Particulars	Applicable NAV
where the application is received upto 3:00 p.m. on a day and funds are available for utilization before the cut-off time	the closing NAV of the day of receipt of application
where the application is received after 3:00 p.m. on a day and funds are available for utilization on the same day	the closing NAV of the next business day

#### Allotment of Units

For allotment of units in respect of purchase in the Scheme, it shall be ensured that:

- Application is received before the applicable cut-off time.
- Funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the Scheme before the cut-off time.
- The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the Schemes.

For allotment of units in respect of switch-in to the Scheme from other schemes, it shall be ensured that:

- Application for switch-in is received before the applicable cut-off time.
- Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the Scheme before the cut-off time.
- The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the Scheme.

The Mutual Fund shall calculate NAV for each business day in respect of the above scheme/plan(s).

**Explanation:** 'Business day' does not include a day on which the money markets are closed or otherwise not accessible.

Further, it may be noted that:

- Where funds are transferred/received first and application is submitted thereafter, date and time of receipt of the application shall be considered for NAV applicability.
- In case of systematic transactions, NAV will be applied basis realization of funds in the scheme account. This shall be applicable for all Systematic transactions (Systematic Investment Plans as well as for Systematic Transfer Plans) irrespective of amount and

registration date of the systematic transactions.

## ii) Applicable NAV for Repurchase of Units

Particulars	Applicable NAV
where the application is received upto 3.00 pm	closing NAV of the day of receipt of application
where the application is received after 3.00 pm	closing NAV of the next business day.

The Mutual Fund shall calculate NAV for each business day in respect of the above scheme / plan(s) and their plans.

Explanation: 'Business day' does not include a day on which the money markets are closed or otherwise not accessible. If the Underlying scheme declare any day as a non-business day, AMC will also declare that day as a non business day for the Scheme. However, if this information is received by the AMC from the Underlying scheme later in the day and the relevant scheme has already accepted transactions, such transactions will be processed on the next business day.

Valid applications for 'switch-out' shall be treated as applications for Redemption and valid applications for 'switch-in' shall be treated as applications for Purchase, and the provisions of the Cut-off time, purchase/redemption price, minimum amounts for Purchase/Redemption and the Applicable NAV as applicable to Purchase and Redemption, as mentioned in above paragraph, shall be applied respectively to the 'switch-in' and 'switch-out' applications.

**Note:** Repurchase/Redemptions including Switch-outs for Segregated Portfolio is not allowed. However, the unit of Segregated Portfolio will be listed on the recognized Stock Exchange.

## 14. Minimum Application/Purchase Amount / Minimum Additional Investment Amount / Minimum Amount for Redemption/Switches

### The Minimum Application/Purchase amount/Switch amount:

The minimum application/purchase amount under the Scheme is Rs. 5,000/- per application and in multiples of Re. 1/- thereafter.

### The Minimum Additional amount:

The minimum additional amount under the Scheme is Rs. 1,000/- per application and in multiples of Re. 1/- thereafter

### Minimum Redemption Amount:

Minimum Redemption Amount under the Scheme is Rs. 500 in multiples of Re. 1 or 50 Units in multiples of 0.01 units.

The AMC reserves the right to change the minimum application/purchase amount, the minimum additional investment amount and the minimum amount for Redemption/Switches under the Scheme/Plan(s)/Option(s) from time to time..

## 15. Minimum balance to be maintained and consequences of non maintenance

The Fund may close the Unitholder's account if as a consequence of a redemption/repurchase, the balance falls below the minimum redemption amount as mentioned above for the scheme. In such a case, entire Units to the Unitholder's account will be redeemed at the Applicable NAV with the applicable Load, if any, and the account will be closed.

## 16. Special Products/Facilities available/offered to the investors under the Scheme

### (1) HSBC Systematic Investment Plan (HSBC SIP)

Unitholders of the Scheme can benefit by investing specific rupee amounts periodically, for a continuous period. SIP allows the investors to invest a fixed amount every month or quarter for purchasing additional Units of the Scheme at NAV based prices. The requirement of 'Minimum Amount for Application' will not be applicable in case of SIPs.

- a mandate form to enable SIP debits either through NACH or such other facilities as may be provided by the AMC along with a copy of the cancelled cheque leaf with name of the unit holder pre-printed.

For details on minimum investment amount and minimum instalments refer to the table below:

Frequency	Minimum Amount	Minimum installments	Dates
Weekly	Rs. 500 and in multiples of Re. 1/- thereafter	12 installments	Any Date of the month
Monthly	Rs. 1,000 and in multiples of Re. 1/- thereafter	6 installments	
Quarterly	Rs. 1,500 and in multiples of Re. 1/- thereafter	4 installments	

Minimum aggregate investment - Rs. 6,000/- and in multiples of Re. 1/- thereafter.

### National Automated Clearing House (NACH):

NACH is a simple and convenient facility that enables the Unit holders to transact in the Schemes of the Fund by submitting a debit Mandate registration form to the Fund. By registering this mandate, you authorise the specified bank to debit the said maximum amount per day, towards investment in HSBC Mutual fund.

Investor has the option to choose any date for SIP, if the choice of date is not indicated then default date of SIP shall be considered as 10th of the month/quarter. In case the chosen/default date falls on a Non-Business Day or on a date which is not available in a particular month, the SIP will be processed on the immediate next available Business Day. If the choice of date selected is more than one date then the SIP installment will be processed only for Business Days when NAV is available. No SIP installment shall be processed for Saturday, Sunday or any other non-business day.

The cheques should be drawn in the name of the Scheme e.g. "HSBC Asia Pacific (Ex Japan) Dividend Yield Fund" and crossed "Account Payee only" and must be payable at the locations where the applications are submitted at the Investor Service Centres. Outstation cheques will not be accepted and applications accompanied by such cheques are liable to be rejected. In case of investments under the SIP, if 2 or more consecutive post dated cheques/payment instructions provided by the investor are dishonored for either insufficiency of funds or as a result of a stop payment instruction issued by the investor, the AMC reserves the right to discontinue the SIP. Investors can discontinue a SIP at any time by sending a written request to any Official Point of Acceptance or to the registrar CAMS. Notice of such discontinuance should be received at least 21 calendar days prior to the due date of the next installment/debit. The AMC reserves the right to introduce/discontinue SIP/variants of SIP from time to time.

The Mutual Fund may have arrangements with organisations to accept group SIPs whereby the employees of such organisations can opt for a direct deduction from their salary and invest in the Scheme of the Mutual Fund in which the SIP facility is available. The Mutual Fund will decide the terms and conditions on which such group SIPs would be made available.

### Investment transactions (Lumpsum and SIPs) upto Rs. 50,000/- exempt from Permanent Account Number (PAN)

In accordance with SEBI letter no. MRD/DoP/PAN/PM/166999/2009 dated June 19, 2009 issued to Association of Mutual Funds in India (AMFI), guidelines issued by AMFI vide its circular no. 35P/MEM-COR/4/09-10 dated July 14, 2009 and subsequent guidelines issued by SEBI vide letter No. OW/16541/2012 dated July 24, 2012 in this regard, lumpsum SIPs upto Rs. 50,000/- per year per investor i.e. aggregate of investments in a rolling 12 month period or in a financial year i.e. April to March (hereinafter referred to as "Micro financial products (MFP)") shall be exempted from the requirement of PAN. This exemption shall be applicable only to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms

including joint holders. HUFs and other categories of investors will not be eligible for this exemption. MFP investors will require to be KYC compliant by submitting requisite documents and obtaining KYC compliance by undergoing the uniform KYC process applicable for securities markets.

Investors are advised to refer to the uniform KYC process and form to comply with the KYC requirement.

While making subsequent MFP applications with a mutual fund, investor can quote the existing folio number where a MFP has been registered and therefore need not resubmit the supporting document. The MFP application will be rejected by the AMC where it is found that the registration of the application will result in the aggregate of MFP investments in a financial year exceeding Rs 50,000 or where there are deficiencies in the documents submitted by the investors in lieu of PAN as mentioned above. The rejected application will be sent back to the investor with a deficiency memo. In case the first MFP -SIP installment is processed (as the cheque may be banked), and the application is found to be defective, the MFP - SIP registration will be ceased for future installments. No refunds shall be made by the AMC for the units already allotted and a communication to this effect will be sent to the investors. However, investors shall be allowed to redeem their investments at applicable NAV.

## **(2) Systematic Withdrawal Plan (SWP)**

Unitholders have the benefit of enrolling themselves under the Systematic Withdrawal Plan. The SWP allows the Unitholder to withdraw sums of money each month/quarter from his investments in the Scheme. SWP is ideal for Unitholders seeking a regular inflow of funds for their needs in a tax efficient manner. It is also suited to retired persons or individuals who wish to invest a lumpsum and withdraw from the investment over a period of time. Investors can opt for either monthly or quarterly withdrawals. The Unitholder may avail of this Plan by sending a written request to the Registrar.

The amount thus withdrawn by redemption will be converted into Units at the Applicable NAV based prices and the number of Units so arrived at will be subtracted from the Unit balance to the credit of that Unitholder. The SWP transaction can be effected on any day of the month for fixed amount option and the payout will be as per the payout schedule of the Scheme. In case the chosen date falls on a Non-Business Day or on a date which is not available in a particular month, the SWP will be processed on the immediate next available Business Day. If the choice of date selected is more than one date then the SWP installment will be processed only for Business Days when NAV is available. No SWP installment shall be processed for Saturday, Sunday or any other non-business day. In case where no SWP date is indicated by the investors 10th shall be treated as the Default Date. However, in case of Capital Appreciation the SWP will be processed only on the 1st Business day of the month. The Fund may close a Unitholder's account if the balance falls below Rs 1,000/- in the respective Options/sub-options within 30 days from the date on which a written intimation in this regard is sent to the Unitholder.

The SWP may be terminated or modified on a written notice to the Registrar of at least 14 days by a Unitholder of the Scheme and it will terminate automatically if all Units are liquidated or withdrawn from the account by the Unitholder.

Under SWP, investors can opt for withdrawal of a Fixed Amount or the Capital Appreciation on their investment (for a minimum period of 3 months).

Under the Fixed Amount Option, the investor specifies the fixed amount that he would like to receive on a regular basis irrespective of the gain/loss on the Fund in the specified period. The minimum amount which the Unitholder can withdraw is Rs. 1000/- (Rupees One Thousand Only) and in multiples of Re. 1 (Rupee One Only) thereafter.

The Capital Appreciation Option allows the automatic redemption of the incremental amount i.e. appreciation on the original investment. For example, if the appreciation on the initial investment in a period is Rs. 5000/- and Rs. 4500/- in the next period, then the investor would receive only the appreciation i.e. Rs. 5000/- and Rs. 4500/- in

the respective periods. Unitholders should note that in the event of there being no capital appreciation, no withdrawal/payment would be effected.

The AMC reserves the right to introduce/discontinue SWP from time to time.

## **(3) Systematic Transfer Plan (STP)**

Unitholders of the Scheme can benefit by transferring specific rupee amounts periodically, for a continuous period. STP allows the investors to transfer a fixed amount or Capital Appreciation every month to a particular Scheme at NAV based prices. Investors can opt for the Systematic Transfer Plan by investing a lumpsum amount in the any HSBC open ended scheme and providing a standing instruction to transfer sums at monthly intervals (for a minimum period of 3 months) into any open ended Schemes of HSBC Mutual Fund. Investors could also opt for STP from an existing account by quoting their account/ folio number. Investors could choose to specify the fixed sum to be transferred every month or opt for capital appreciation option to automatically transfer the incremental amount i.e. appreciation on the original investment. The minimum amount which the Unit holders can transfer is Rs. 1000/- (Rupees One Thousand Only) and in multiples of Re. 1 (Rupee One Only) thereafter. Unit holders should note that in the event of there being no capital appreciation, no transfer would be affected.

Transfers would be effected on any date as indicated by the investor in case of Fixed Amount Option. If these dates fall on a holiday, the transaction will be effected on the next Business Day. If the choice of date selected is more than one date then the STP installment will be processed only for Business Days when NAV is available. No STP installment shall be processed for Saturday, Sunday or any other non-business day. Transfers must be for a minimum amount of Rs. 1,000/- per month. In case of STP if the choice of date for the installment is not indicated by the investor, the installment of STP will be processed on 10th of every month. For Capital Appreciation option the STP will be processed only on the 1st Business day of the month. STP will come into effect within 10 days from the date of receipt of application.

The STP may be discontinued on a written notice to the Registrar of at least 14 days by a unit holder of the Scheme. The AMC reserves the right to introduce/discontinue STP/variants of STP from time to time.

**SIP/STP in Direct Plan** - Investors who had registered for SIP/STP facility prior to January 1, 2013 (i.e. before introduction of Direct Plan) with distributor code and now wish to invest their future installments into the Direct Plan, shall make a written request to the Fund in this behalf. The Fund will take at least 15 days to process such requests. Intervening installments will continue in the existing Plan. However, investors who had registered for STP facility prior to this date with distributor code and wish to invest under the Direct Plan through this facility shall cancel their existing STP and register afresh.

In case of SIP/STP facility registered prior to January 1, 2013 without any distributor code, installments falling on or after this date are being automatically processed under the Direct Plan. In all cases, the terms and conditions of the registered enrolment will continue to apply.

The subsequent installments of STP into the Scheme will be stopped from the month in which the subscriptions exceed the maximum permissible limit as mentioned in this SID..

## **(4) Facilitating transactions through Stock Exchange Mechanism (BSE Star & NSE MFSS)**

In terms of SEBI Circular SEBI/IMD/CIR No.11/183204/ 2009 dated November 13, 2009, units of the Scheme can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited and/or Bombay Stock Exchange Limited who are also registered with Association of Mutual Funds of India and are empanelled as distributors with AMC. Accordingly such stock brokers shall be eligible to be considered as 'official points of acceptance' of AMC. International Security Identification Numbers (ISIN) in respect of the plans/options of the Scheme have been created and have been

admitted to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and can be transacted using the beneficiary accounts maintained with any of the respective Depository Participants (DPs). The units will be allotted in the physical or depository mode in accordance with the choice of the investor. The facility of transacting in mutual fund schemes through stock exchange infrastructure is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time. The investor shall be serviced directly by such stock brokers/ Depository Participant. The Mutual Fund will not be in a position to accept any request for transactions or service requests in respect of Units bought under this facility in demat mode. Further, the minimum purchase/ redemption amount in the respective plan/ option of such notified Schemes of the Fund will be applicable for each transaction. Investors transacting in the Units of the Schemes will be subject to KYC formalities carried out by the DP. Applicable NAV shall be reckoned on the basis of the time stamping as evidenced by confirmation slip given by the stock exchange mechanism. The allotment and redemption of Units on any Business Day with respect to transactions carried out through this mechanism will depend upon the order processing/ settlement by exchange and its respective clearing corporation. A Demat statement provided by the DP in such form and manner and at such time as agreed with the DP, shall be equivalent to an Account Statement. For any grievance with respect to transactions through BSE/NSE, the investors should approach the investor grievance cell of BSE/NSE or their DP.

Payment of redemption proceeds to the trading/ clearing members by AMC/ its Registrar shall discharge AMC of its obligation of payment of redemption proceeds to individual investor. Similarly, in case of purchase of units, crediting units into trading/ clearing member pool account shall discharge AMC of its obligation/ to allot units to individual investor.

Further, in accordance with SEBI Circular SEBI/HO/MRD1/DSAP/ CIR/P/2020/29 dated February 26, 2020, investors can also directly access infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/Asset Management Companies.

### **17. Account Statement (for investors holding units in physical mode)**

An applicant in a scheme whose application has been accepted shall have the option either to receive the statement of accounts or to hold the units in dematerialised form and the asset management company shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form as soon as possible but not later than five working days from the date of receipt of the application.

An allotment confirmation specifying the number of units allotted will be sent to the unit holders' by way of email and/or SMS to the registered e-mail address and/or mobile number, within 5 Business Days from the date of allotment of units and/or from the date of receipt of the request from the unit holders'. In case of any specific request received from the unit holder(s), the AMC/Fund will provide the account statement to the unit holder(s) within 5 Business Days from the receipt of such request.

A statement of holding indicating the units held by the investors in the Segregated Portfolio along with the NAV of both Segregated Portfolio and Main Portfolio as on the day of the Credit Event shall be communicated to the investors within 5 working days of creation of the Segregated Portfolio.

A Consolidated Account Statement (CAS) for each calendar month shall be sent by email on or before 15th of the succeeding month to those unit holders in whose folio(s), transactions\* have taken place during the month and have provided a valid Permanent Account Number (PAN). In the event that the registered email address of the unit holder is not available with the Fund, the CAS will be sent as a physical statement. CAS shall contain details relating to all transactions\* carried out by the Unitholder across schemes of all

mutual funds during the month, holdings at the end of the month and transaction charges paid to the distributor, if any.

For the purpose of sending CAS, common Unitholders' across mutual funds shall be identified by their PAN. In the event that the folio has more than one registered Unitholder, the first named holder will receive the CAS. The CAS shall not be received by those Unitholders whose folio(s) are not updated with PAN details. Unitholders are therefore requested to ensure that each of their folio(s) are updated with their PAN details. In case a specific request is received from the Unitholder, the AMC/Fund will provide the account statement to the unit holder(s) within 5 Business Days from the receipt of such request. The CAS issued to investors shall also reflect the total purchase value/cost of investment in each schemes.

Further, CAS detailing holding of investments across all schemes of all mutual funds at the end of every six months (i.e. September/ March) shall be sent by mail/email on or before 21st day of succeeding month as the case may be, to all such Unit holders in whose folios no transactions have taken place during that period. The half yearly CAS will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical.

Further, CAS issued for the half year (September/ March) shall also provide:

- a) The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term "commission" here refers to all direct monetary payments and other payments made in the form of gifts/rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as goods and service tax ("GST") (wherever applicable, as per existing rates), operating expenses, etc.
- b) The scheme's average Total Expense Ratio (in percentage terms) for the half-year period for each scheme's applicable plan, where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

\* The word 'transaction' includes purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, SIP, STP, SWP, and bonus transactions.

### **Allotment Advice (for investors holding units in dematerialised mode)**

An Allotment advice will be sent upon allotment of Units stating the number of Units allotted to each of the Unit holder(s) who have opted for allotment in dematerialized mode within 5 working days from the date of allotment. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form.

Units in dematerialized form shall be issued to a unit holder in a scheme within two working days of the receipt of request from the unit holder.

For SIP transactions, Units will be credited to the investors demat account on a weekly basis upon realization of funds. Units will be allotted as per Applicable NAV for subscriptions/purchases as mentioned in the SID.

The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.

Dematerialisation/Rematerialization of Units, if any will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 2018 as may be amended from time to time.

All Units will rank pari passu among Units within the same Option/Sub-Option, i.e. either the Income Distribution cum Capital

Withdrawal (IDCW) Sub-Option or the Growth Sub-Option, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustees. Allotment of Units and despatch of Account Statements to NRIs/FPIs will be subject to RBI's general permission dated 30 March, 1999 to mutual funds, in terms of Notification no. FERA.195/99-RB or such other notifications, guidelines issued by RBI from time to time.

#### **Receiving Account Statement/Correspondence by e-mail**

The Mutual Fund will encourage the investors to provide their e-mail addresses for all correspondence. The Mutual Fund's website may facilitate request for Account Statement by Unitholders. The Mutual Fund will endeavour to send Account Statements and any other correspondence including Annual Reports using e-mail as the mode for communication as may be decided from time to time.

The Unitholder will be required to download and print the Account Statement after receiving the e-mail from the Mutual Fund. Should the Unitholder experience any difficulty in accessing the electronically delivered Account Statement, the Unitholder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advise the Mutual Fund of such difficulty within 24 hours after receiving the e-mail will serve as an affirmation regarding the acceptance by the Unitholder of the Account Statement.

In case an investor who has provided an e-mail address and opted for electronic mode of receipt of account statements and other updates wishes to change over to the physical mode, he would need to provide a written request to any of our official points of acceptance. Please note that such a request will be treated as a non financial transaction and processed within 3 - 5 business days from the date of submission.

It is deemed that the Unitholder is aware of all security risks including possible third party interception of the Account Statements and content of the Account Statements becoming known to third parties.

Under no circumstances, including negligence, shall the Mutual Fund or anyone involved in creating, producing, delivering or managing the Account Statements of the Unitholders, be liable for any direct, indirect, incidental, special or consequential damages that may result from the use of or inability to use the service or out of the breach of any warranty. The use and storage of any information including, without limitation, the password, account information, transaction activity, account balances and any other information available on the Unitholder's personal computer is at the risk and sole responsibility of the Unitholder.

#### **18. Dividends and Distributions**

As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the AMC shall dispatch payment of the dividend proceeds within 7 working days from the record date. The dividend proceeds may be paid by way of dividend warrants / direct credit / EFT / ECS Credit / NEFT / RTGS / Wired Transfer / any other manner through the investor's bank account specified in the Registrar's records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.

Further, in case of units held in dematerialized form, based on the list provided by the Depositories (NSDL/CDSL) giving the details of the demat account holders and the number of Units held by them in demat form on the Record date, the Registrars & Transfer Agent will pay the dividend proceeds by forwarding a dividend warrant or directly crediting the bank account linked to the demat account depending on the mode of receipt of dividend proceeds chosen by the Unit holder.

AMC may also use instruments or payment channels such as RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by Reserve Bank of India from time to time, for payments including refunds to unitholders in addition to the cheque, demand draft or dividend warrants.

Further, AMC may also use modes of despatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post with acknowledgement due.

#### **Delay in payment of dividend proceeds**

As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the AMC shall dispatch payment of the IDCW proceeds within 7 working days from the record date. However, in the event of failure to despatch/credit the dividend proceeds within the above time, interest @15% per annum or such rate as may be specified by SEBI, would be paid to the Unit holders for the period of delay from the stipulated period for the dispatch/payment of IDCW payments.

#### **19. Redemption / Repurchase proceeds**

As per SEBI circular dated November 25, 2022 or as amended from time to time, with effect from January 14, 2023, the Fund shall transfer the redemption / repurchase proceeds within 5 working Days, from the date of acceptance of redemption request at any of the Investor Service Centres.

Further, as per AMFI circular no. AMFI/35P/MEM-COR/74/2022-23 dated January 16, 2023, in case of exceptional situations the AMC might follow the additional time lines for making redemption payments.

#### **20. NRIs/FPIs**

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the "FEMA Regulations") permit a NRI to purchase on repatriation or non-repatriation basis, without limit, units of domestic mutual funds. Payment for such units must be made either by: (i) inward remittance through normal banking channels; or (ii) out of funds held in the NRE/FCNR account, or (iii) Indian Rupee drafts purchased abroad in the case of purchases on a repatriation basis or out of funds held in the NRE/FCNR/NRO account, in the case of purchases on a non-repatriation basis.

In case Indian Rupee drafts are purchased abroad or from FCNR/NRE accounts, an account debit certificate from the bank/financial entity issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC/Mutual Fund/Registrar, in connection with the investment in the schemes.

The FEMA Regulations also permit a registered FPI to purchase, on repatriation basis, units of domestic mutual funds provided the FPI restricts allocation of its total investment between equity and debt instruments in the ratio as applicable at the time of investments. Payment by the FPI must be made either by inward remittance through normal banking channels or out of funds held in foreign currency account or non resident rupee account maintained by the FPI with a designated branch of an authorised dealer with the approval of the RBI in terms of paragraph 2 of Schedule 2 to the FEMA Regulations.

#### **Redemption by NRIs/FPIs**

Units held by an NRI investor and FPIs may be redeemed by such investor by tendering Units to the Mutual Fund or for payment of maturity proceeds, subject to any procedures laid down by RBI from time to time. The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs/FPIs. Provisions with respect to NRIs/FPIs stated above, is as per the AMC's understanding of the laws currently prevalent in India.

#### **21. Delay in payment of redemption / repurchase proceeds**

In the event of failure to despatch the redemption proceeds within the above time, the Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @15% per annum).

#### **22. Duration of the Scheme / Winding up**

The AMC, the Fund and the Trustees reserve the right to make such changes/alterations to all or any of the Scheme (including the charging

of fees and expenses) offered under this SID to the extent permitted by the applicable Regulations. However, in terms of the Regulations a scheme is to be wound up:

- On the happening of any event, which in the opinion of the Trustees, requires the Scheme to be wound up.

In case of winding up of the Scheme on account of above, the units of the units of the Scheme shall be listed on recognized stock exchange, subject to compliance with listing formalities as stipulated by the stock exchange. However, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them.

Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialised form. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA)/unit certificates.

Further, The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up.

- If seventy five per cent (75%) of the Unitholders of the Scheme pass a resolution that the Scheme be wound up.
- If SEBI so directs in the interest of the Unitholders.
- Where the Scheme is so wound up, the Trustees shall give notice within one day of the circumstances leading to the winding up of the Scheme to:
  - SEBI and
  - In two daily newspapers having a circulation all over India and in one vernacular newspaper with circulation in Mumbai.

In case a scheme is to be wound up on the happening of any event (which in the opinion of the Trustees, requires the Scheme to be wound up), the trustees shall obtain consent of the unit holders participating in the voting by simple majority on the basis of one vote per unit and publish the results of voting within forty five days from the publication of aforesaid notice.

In case the trustees fail to obtain the required consent of the unitholders, the schemes shall be reopened for business activities from the second business day after publication of results of the voting.

- On and from the date of the publication of notice of winding up, the Trustees or the AMC, as the case may be, shall:
  - Cease to carry on any business activities in respect of the Scheme so wound up
  - Cease to create or cancel Units in the Scheme
  - Cease to issue or redeem Units in the Scheme

### Procedure and Manner of Winding up

The Trustees shall call a meeting of the Unitholders of the Scheme to approve by simple majority of the Unitholders present and voting at the meeting, resolution for authorising the Trustees or any other person to take steps for the winding up of the Scheme. The Trustees or the person authorised as above, shall dispose off the assets of the Scheme concerned in the best interest of the Unitholders of the Scheme. The proceeds of sale realised in pursuance of the above, shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.

On completion of the winding up, the Trustees shall forward to SEBI and the Unitholders, a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund. Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports

shall continue to be applicable, until winding up is completed or the Scheme cease to exist.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

## B. PERIODIC DISCLOSURES

### 1. Net Asset Value

This is the value per unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.

NAV's will be calculated and disclosed on every Business Day. The Unit holders may obtain the information on NAV of the prescribed days by calling the office of the AMC or any of the Investor Service Centres or on the website of the AMC at [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in). Further, AMC has extended the facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request for the same. For detailed process of receiving the latest NAV through SMS, please visit <http://www.assetmanagement.hsbc.co.in/mutual-funds>.

The AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the Fund's website (<http://www.assetmanagement.hsbc.co.in>) by 10.00 a.m. of next Business Day. However, the AMC will endeavour to update the NAVs on the above websites daily by 10:00 a.m. of next Business Day, in case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

The NAVs will be determined on every Business Day except under special circumstances specified in this SID.

### Impact of overseas investment in the fund for NAV Calculations

With respect to investments by the Scheme into its Underlying scheme, the impact on the NAV of the Scheme is illustrated below. It also demonstrates the inclusion of the NAV of the Underlying scheme into the fund of funds Scheme.

### Example

Collections at Day Zero		A	100,000,000
Purchase Price per unit		B	10
Units allotted to domestic investors	A/B	C	10,000,000.00
Collection Invested overseas		D	90,000,000
Exchange Rate (Rs/USD)		E	48
Amount in USD	D/E	F	1,875,000
NAV per unit of Overseas Fund (USD)		G	11.75
Units allotted in the overseas fund	F/G	H	159,574.47
Amount invested locally in Money market fund	A - D	I	10,000,000
Yield on domestic investment		J	6%
Expense ratio (excluding expenses of Underlying schemes)		K	1.65%
<b>AUM after one month</b>			
Domestic Component	I + Interest in I	L	10,050,000
NAV per unit of the Overseas Fund		M	11.97
Exchange Rate (Rs/USD)		N	48
Overseas Component	H x M x N	O	91,685,106
Expenses (for one month) (INR)- approximated at average of opening and closing AUM	$[(A+L+O) / 2 * K / 12]$	P	138,693

AUM after one month	L + O - P	Q	101,596,413
NAV per unit	Q / C	R	10.1596

\* All expenses charged by the Underlying scheme are included in the NAV of the Scheme.

The NAV of the Segregated Portfolio shall be declared on daily basis.

## 2. Portfolio Disclosure

The AMC shall disclose portfolio (along with ISIN) as on the last day of the month/half-year for all their schemes on its website and on the website of AMFI within 10 days from the close of each month/half-year respectively in a user-friendly and downloadable spreadsheet format.

In case of unitholders whose e-mail addresses are registered, the AMC shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/whalf-year respectively.

The AMC shall publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on its website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

## Half yearly Disclosures: Financial Results

The Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on AMC's website, containing details as specified in Twelfth Schedule of the Regulations and such other details as are necessary for the purpose of providing a true and fair view of the operations of the Fund. The Fund shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Fund is situated.

## 3. Annual Report

A Scheme wise Annual Report/abridged summary thereof shall be provided to all Unitholders as soon as may be but not later than 4 months from 31 March of each year. The abridged/ full Scheme wise Annual Report shall contain such details as are required under the Regulations/ Circulars issued thereafter.

The Fund shall provide the Scheme wise annual report/abridged summary thereof as under:

- (i) By hosting the same on the websites of the AMC and AMFI;
- (ii) The physical copy of the scheme wise annual report/abridged summary thereof shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.
- (iii) By e-mailing the same to those Unit holders' whose e-mail address is registered with the Fund.

Unit holders are therefore requested to update their email address with the Fund to receive annual reports through email.

The AMC shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on its website and on the website of AMFI. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi. Further, AMC shall provide modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof.

## 4. Associate Transactions

For details of Associate transactions including dealing with associate companies, Investors are advised to please refer Statement of Additional Information (SAI).

## 5. Disclosures with respect to Segregated Portfolio

The AMC shall make necessary disclosures as mandated by SEBI, in statement of account, monthly/half yearly portfolio statements, KIM, SID, Scheme Advertisements, Scheme Performance data, AMC's Website and at other places as may be specified.

The information regarding number of Segregated Portfolio(s) created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

The NAV of the Segregated Portfolio shall be declared on daily basis.

Further, the investors of the Segregated Portfolio shall be duly informed of the recovery proceedings of the investments of the Segregated Portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

## 6. Riskometer

Based on the scheme characteristics, the Mutual Fund/AMC shall assign risk level for scheme. Any change in riskometer shall be communicated by way of notice and by way of an e-mail or SMS to unitholders of the Scheme. Riskometer shall be evaluated on a monthly basis and Mutual Funds/ AMCs shall disclose the Riskometer along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. Mutual Funds shall disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website. Mutual Funds shall publish the changes on the Riskometer in the Annual Report and Abridged Summary based on the guidelines prescribed by SEBI from time to time. The AMC shall comply with the requirements of SEBI circulars/guidelines issued in this regards from time to time.

## 7. Scheme Summary Document

The AMC has provided on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme including but not limited to Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc. Scheme summary document is uploaded on the websites of AMC, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine readable format.

## 8. Taxation

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/ authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Schemes.

Particulars	Investors	Mutual Fund
<b>Tax on Income Distribution</b>		
(i) Equity Oriented Fund	Income distributed would be taxable in the hands of unitholders as per applicable slabs	<b>Resident investor:</b> 10%** tax needs to be deducted on income distributed (not applicable to capital gain)
(ii) Debt Fund/Liquid Fund/any other Fund (other than Equity oriented Mutual Fund)		<b>Non-Resident investor:</b> 20%** tax needs to be deducted in case of payment to NRI and Non Domestic company / Foreign Company

Particulars	Investors	Mutual Fund
<b>Capital Gain Tax:</b>		
<b>(i) Equity Oriented Fund:</b>		
1) Long Term	10% <sup>** #</sup>	<b>Resident investor:</b> Nil <b>Non-Resident Indian and Non Domestic company / Foreign company:</b> TDS at the rate of 10% <sup>**@</sup>
2) Short Term	15% <sup>**</sup>	<b>Resident investor:</b> No TDS <b>NRI and Non Domestic company / Foreign company:</b> TDS at the rate of 15% <sup>**@</sup>
<b>(ii) Debt Fund/Liquid Fund/any other Fund (other than Equity oriented Mutual Fund):</b>		
1) Long Term	20% <sup>**</sup> with Cost Inflation Index benefit <b>Non-Resident Investor and Non Domestic company / Foreign company:</b> 20% <sup>**</sup> with indexation benefit on listed securities. 10% <sup>**</sup> without indexation benefit on unlisted securities	<b>Resident investor:</b> Nil <b>Non-Resident Investor and Non Domestic company / Foreign company:</b> 20% <sup>**@</sup> TDS on listed securities with indexation benefit 10% <sup>**@</sup> TDS on unlisted securities without indexation benefit
2) Short Term	Income tax rate applicable to the Unit holders as per their income slabs <sup>**</sup>	<b>Resident Investor :</b> Nil <b>Non-Resident Investor:</b> 30% <sup>**^</sup> @ tax needs to be deducted in case of payment to NRI and 40% <sup>**@</sup> in case of Non Domestic company/ Foreign company.

# Aggregate long term capital gains exceeding one lakh rupees in a financial year, arising from the transfer of units of an equity oriented fund, equity shares and units of business trust are chargeable to tax @10%.

\*\* 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.

^ Maximum 30 percent as per slab.

#### Stamp Duty:

Pursuant to Notification No. S.O. 4419(E) dated December 10, 2019 read with Notification No. S.O. 115(E) dated January 8, 2020 and notification no. S.O.1226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, a stamp duty

@ 0.005% of the transaction value would be levied on mutual fund transactions (including transactions carried through stock exchanges and depositories for units in demat mode), with effect from July 1, 2020. Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including reinvestment of IDCW and IDCW transfers) to the unitholders would be reduced to that extent.

Further, with effect from July 1, 2020, stamp duty shall be applicable at the rate of 0.015% on the consideration amount stated in the transfer instrument for off market transfer of units held in demat mode as well units held in physical mode.

For further details on taxation, Investors are requested to refer to the section on Taxation in the Statement of Additional Information (SAI).

#### 9. Investor Services

The Fund will follow-up with the Investor Service Centres and the Registrar on complaints and enquiries received from investors with an endeavour to resolve them promptly.

For this purpose, Mr. Ankur Banthiya is currently designated as the Investor Relations Officer. His contact details are as follows :

**HSBC Asset Management (India) Private Limited,**  
6th Floor, KGN Towers, No. 62 Ethiraj Salai (Commander-In-Chief Road), Egmore, Chennai – 600 105, India  
Tel. : 1800-200-2434/ 1800-4190-200  
Fax : 022-49146033  
E-mail : investor.line@mutualfunds.hsbc.co.in

#### C. COMPUTATION OF NAV

The NAV of Units under the Scheme / Plan(s) / Option(s) shall be calculated as shown below:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments (+)} - \text{Current Assets (-) Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme/Option}}$$

The Direct Plan shall have a separate NAV.

The NAVs of the Scheme / Plan(s) / Option(s) (including Direct Plans) will be calculated and disclosed as of the close of every Business Day. The NAVs of the Scheme shall be disclosed up to 4 decimal places. The valuation of the Scheme' assets and calculation of the Scheme' NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

The NAV of the Segregated Portfolio shall be declared on daily basis.

#### Fractional Units

Since a request for redemption or purchase is generally made in rupee amounts and not in terms of number of Units of the Scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places for the Scheme. However, fractional Units will in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the Unitholder's credit.

#### Policy on computation of NAV in case of investment in foreign securities

In case of investment in listed foreign securities, the last available traded price on recognized stock exchange at around 6 p.m IST on the valuation date will be considered for valuation of that security. In case of non availability of price for a period upto or less than 30 days the AMC shall fair value such securities supported by quotes from brokers/ market makers, wherever possible.

The latest NAV of the Underlying schemes of the FOFs, shall be obtained from reliable sources like direct communication from the

R&T agent of the Underlying scheme, investment managers of the scheme, Bloomberg/Reuters, website of the funds/website of the R&T Agent/Fund Administrator of the Underlying scheme or other generally accepted public sources of information, for computation of the NAV of the Underlying scheme.

The R&T agent (RTA) of the Underlying scheme is responsible for declaring NAV's on a daily basis. The following is the brief process for NAV declaration of the Underlying scheme :

- NAV publication of this Underlying scheme (being overseas mutual fund units) is currently 20:30 Central European Time on daily basis for the NAV of the same day.
- RTA or Fund administrator, through a system generated file provides all NAV's to their agents who has link with data providers, such as Bloomberg, Telekurs etc. for updating of information on their platforms. RTA or Fund administrator shall also declare NAV's simultaneously, through email, using the same system to various recipients including investors of the Underlying schemes.
- RTA or Fund administrator has a BCP & DR Plan in case of

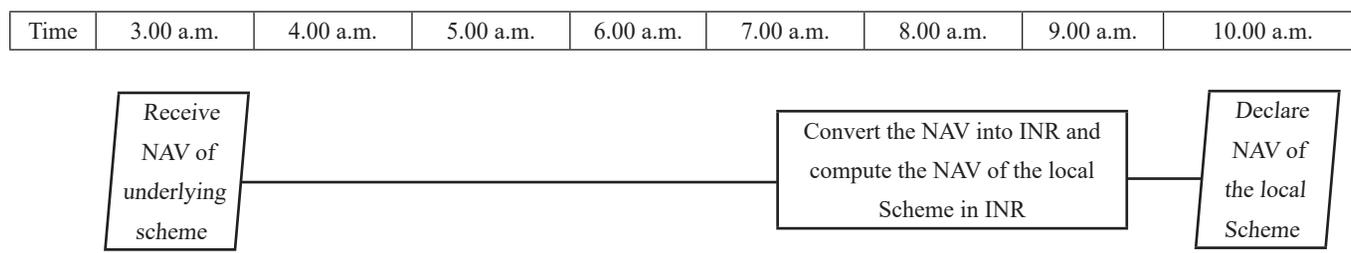
exigency at the primary site.

**Forex rates for conversion :** The NAV of the Underlying scheme which is denominated in foreign currency shall be converted to INR, using the conversion rate available on RBI/Reuters/Bloomberg reference rate. The AMC reserves the right to change the source for determining the exchange rate.

**Dollar Conversion Process :** For the purpose of US dollar conversion, the Scheme intends to use the prices available through Reuter/Bloomberg/RBI reference rate. Incase of non-availability of exchange rate through Reuter/Bloomberg/RBI , the AMC reserves the right to change the source for determining the exchange rate.

The AMC shall compute the NAVs of the Scheme and update the same on the website of the Fund ([www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)) and AMFI ([www.amfiindia.com](http://www.amfiindia.com)), latest by 10.00 a.m. on the next Business Day, due to differences in the time zones. In case of unforeseen events like system breakdown, natural calamities etc. delaying the NAV of the Underlying scheme, the NAV of HBF may also be delayed and the AMC shall suitably intimate AMFI/SEBI in this regard.

The process of NAV calculation of the Scheme is depicted below through a flowchart :



## SECTION IV - FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme / Plan(s) / Option(s). The information provided under this Section seeks to assist the investor in understanding the expense structure of the Scheme / Plan(s) / Option(s) and types of different fees/expenses and the percentage the investor is likely to incur on purchasing and selling the Units of the respective Plan(s) under the Scheme / Plan(s) / Option(s).

### A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. In case of schemes where entry load was charged during the NFO, the same was utilized for meeting the initial issue expenses in terms of SEBI circular no. SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006 and any expenditure over and above the entry load collected was borne by the AMC. In case of schemes where no entry load was charged, entire expenses were borne by AMC.

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Schemes. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc.

The total recurring expenses of the Scheme shall be as per the limits prescribed under sub-regulation 6 and 6A of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed there under as a percentage limit of daily net assets in the table below:

As per the Regulation 52(6)(a)(ii), the total expense ratio that can be charged to the scheme including weighted average of the total expense ratio of underlying scheme(s) shall not exceed 2.25% of daily net assets of the Scheme.

Provided that the total expense ratio to be charged over and above the weighted average of the total expense ratio of the underlying scheme(s) shall not exceed two times the weighted average of the total expense ratio levied by the underlying scheme(s), subject to the overall ceilings stated above.

Further, as per current Regulation 52 (6A), the additional recurring expenses that can be charged to Scheme shall be subject to a percentage limit of daily average net assets as specified below:

Regulation 52 (6A) (a)	Brokerage and transaction costs (inclusive of GST) which are incurred for the purpose of execution of trades, shall be charged to the scheme as per Regulation 52(6A)(a) of SEBI (Mutual Funds) Regulations, 1996 not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions. With effect from April 1, 2023, to align with Indian Account Standards requirement, transactions cost incurred for the purpose of execution of trades are expensed out (viz. charged to Revenue Account instead of Capitalization (i.e. forming part of cost of investment)). Any payment towards brokerage and transaction cost, over and above the said 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.
Regulation 52 (6A) (b)	Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from beyond Top 30 cities (B- 30**) are at least - (i) 30 per cent of gross new inflows in the scheme, or; (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher.  Provided that if inflows from such cities are less than the higher of (i) or (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

	Additional TER shall be charged based on inflows from retail investors from beyond top 30 cities (B-30 cities). Inflows of amount upto Rs. 2,00,000/- per transaction, by individual investors shall be considered as inflows from retail investor.  Provided further that, expenses so charged shall be utilised for distribution expenses incurred for bringing inflows from beyond Top 30 cities. Provided further that amount incurred as expense on count of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.  ** Beyond Top 30 (B30) cities shall mean beyond top 30 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography - Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year
Regulation 52 (6A) (c)	Additional recurring expenses of upto 0.05% of daily net assets of the scheme towards the investment and advisory fees or various other permissible expenses.  However, in accordance with SEBI circular SEBI/HO/IMD/DF2/CIR/P/2018/15 dated February 2, 2018, AMC shall not charge any additional expense of upto 0.05% as per Regulation 52(6A) (c), if exit load is not being levied under the Scheme. Accordingly, upon levy or introduction of exit load under the Scheme, the additional expenses upto 0.05% under Regulation 52 (6A) (c) shall be levied, and upon removal of exit load under the Scheme, additional expense upto 0.05% under Regulation 52 (6A) (c) shall be discontinued in compliance with provisions of SEBI circular SEBI/HO/IMD/DF2/CIR/P/2018/15 dated February 2, 2018.

The AMC has estimated the following maximum expenses of the Scheme. Please refer to the table below for indicative details:

Particulars	% of Net Assets
Investment Management and Advisory Fees	Upto 2.25%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense including agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost (inclusive of GST) over and above 12 bps and 5 bps for cash and derivative market trades, respectively <sup>#</sup>	
GST on expenses other than investment management and advisory fees	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)</b>	Upto 2.25%
Additional expenses under regulation 52 (6A) (c)	Upto 0.05%
Additional expenses for gross new inflows from specified cities under regulation 52(6A)(b)	Upto 0.30%

The AMC may charge the following costs and expenses in addition to the total recurring expense limits as prescribed in the table above:

- (a) #Brokerage and transaction costs (inclusive of GST) which are incurred for the purpose of execution of trades, shall be charged to the scheme as per Regulation 52(6A)(a) of SEBI (Mutual Funds) Regulations, 1996 not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions. With effect from April 1, 2023, to align with Indian Account Standards requirement, transactions cost incurred for the purpose of execution of trades are expensed out (viz. charged to Revenue Account instead of Capitalization (i.e. forming part of cost of investment)). Any payment towards brokerage and transaction cost, over and above the said 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996;
- (b) GST on investment management and advisory fees.

The expenses of the Direct Plan will be lower than that of Regular Plan of the Scheme. No commission or distribution expenses will be charged under the Direct Plan.

The above expenses are subject to change and may increase/decrease as per actual and/or any change in the Regulations but the total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.

Any other expenses which are directly attributable to the Scheme, may be charged with approval of the Trustee within the overall limits as specified in the Regulations except those expenses which are specifically prohibited.

The AMC reserves the right to vary the expense ratios charged to the Scheme, at such frequencies as the AMC may decide, subject to the maximum SEBI permissible limits. The AMC would update the current expense ratios on the website at least three working days prior to the effective date of the change. This information is available on AMC's website at [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in).

An illustration of the impact of expense ratio on scheme's investments is also provided below for reference.

Collections at Day Zero		A	100,000,000
Purchase Price per unit		B	10
Units allotted to domestic investors	A/B	C	10,000,000.00
Amount invested		D	100,000,000
Yield on investment		E	6%
Expense ratio		F	1.65%
<b>AUM after one month</b>			
AUM including Yield	$(D * E) / 12 + D$	G	100,500,000
Expenses (for one month) (INR) - approximated at average of opening and closing AUM	$((A + G) / 2) * F / 12$	H	137,844
AUM after one month	G-H	I	100,362,156
NAV per unit	I/C	J	10.0362
Annualized returns (Pre Expenses) %	$(G - D) / D * 100 * 12$	K	6.00
Annualized returns (Post Expenses) %	$(I - D) / D * 100 * 12$	L	4.35

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Company (AMC), its associate, sponsor, trustee or any other entity through any route. Provided that the expenses that are very small in value but high in volume may be paid out of AMC's books. Such expenses shall be

paid out of AMC's books at actuals or not exceeding 2 bps of scheme AUM, whichever is lower. The AMC shall pay from its books only those expenses which are part of the miscellaneous expenses list provided by AMFI. Such expenses incurred by AMC shall be properly recorded and audited in the books of account of AMC at year end.

### Total Expense Ratio (TER) for the Segregated Portfolio

TER for the Segregated Portfolio shall be subject to the following provisions:

1. The AMC will not charge investment and advisory fees on the Segregated Portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in Segregated Portfolio.
2. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the Main Portfolio (in % terms) during the period for which the Segregated Portfolio was in existence.
3. The legal charges related to recovery of the investments of the Segregated Portfolio may be charged to the Segregated Portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the Main Portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.

**The costs related to Segregated Portfolio shall in no case be charged to the Main Portfolio.**

### C. GOODS AND SERVICE TAX

Goods and Service tax ("GST") on investment and advisory fees shall be charged to the Scheme in addition to the maximum limit of total recurring expenses as permitted under regulation 52 (6) and 52 (6A) of the Regulations. GST on any other fees/expenses shall be borne by the Scheme within the overall limit of the TER. GST shall be levied on the Investment Management & Advisory Fee at the then prevailing GST rate, as per the Taxation Laws in force.

GST on exit load, if any, shall be paid out of exit load proceeds and exit load net of GST, if any, shall be credited to the Scheme. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limits prescribed under Regulation 52 of SEBI (Mutual Funds) Regulations.

### D. LOAD STRUCTURE

Load is an amount which is paid by the investor to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC at [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in) or may call at ISC or your distributor.

As per SEBI circular dated 30 June 2009, no entry load will be charged for purchase/additional purchase/switch-in including registrations for HSBC SIP/HSBC STP, accepted by the Fund, with effect from August 1, 2009.

Repurchases could attract an exit load (as a % of the Applicable NAV for redemptions). Unitholders should note that the AMC retains the right to change exit load as per the provisions below:

The repurchase price however, will not be lower than 95% of the NAV.

**Load Structure (Including SIP/STP, wherever applicable) for Scheme/Plans :**

**Entry Load\*:** Nil

**Exit Load :**

- (i) In respect of each purchase/switch-in of Units, an Exit Load of 1% is payable if Units are redeemed/switched-out within 1 year from the date of allotment.

(ii) No Exit Load will be charged, if Units are redeemed/switched-out after 1 year from the date of allotment.

*\* In terms of SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009, no entry load will be charged to the investor effective August 1, 2009.*

Units issued on reinvestment of IDCW shall not be subject to exit load for existing as well as prospective investors. The exit load set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.

The exit load charged, if any, will be credited to the schemes. Goods & Service tax on exit load, if any, will be paid out of the exit load proceeds and exit load net of Goods & service tax, if any, will be credited to the scheme. Exit load is not applicable for Segregated Portfolio.

The investor is requested to check the prevailing load structure of the Scheme before investing. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

Subject to the Regulations, the Trustees reserve the right to modify/alter the load structure and may decide to introduce a differential load structure on the Units redeemed on any Business Day. Such changes will be applicable prospectively. The changes may also be disclosed in the Statements of Account issued after the introduction of such load.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. At the time of changing the Load Structure:

- (i) The addendum detailing the changes will be displayed on the website of AMC and attached to the SID and Key Information Memorandum. The addendum will be circulated to all the distributors/brokers so that the same can be attached to all the SIDs and Key Information Memorandum already in stock.
- (ii) Arrangements will be made to display the changes/modifications in the SID in the form of a notice in all the Investor Service Centres and distributors/brokers' office.
- (iii) The introduction of the Exit Load alongwith the details will be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the Account Statement or in the covering letter issued to the Unit holders after the introduction of such Load.
- (iv) A notice for change in Exit Load shall be uploaded on the website of the Mutual Fund.
- (v) Any other measures which the mutual fund may feel necessary.

### **Methodology for calculation of Sale and Repurchase Price of units**

#### **Sale Price**

Sale Price = Applicable NAV \* (1 + Entry Load, if any)

#### **Example**

If the Applicable NAV is Rs.15 and the sales load, if applicable is 2%, the sales price is calculated as follows:

$$\begin{aligned} \text{Sales Price} &= 15 * (1 + 0.02) \\ &= 15 * 1.02 \\ &= 15.30 \end{aligned}$$

However, as stated above, in accordance with SEBI circular dated 30 June 2009, no entry load will be charged for purchase/additional purchase/switch-in including registrations for HSBC SIP/HSBC STP, accepted by the Fund, with effect from August 01, 2009.

#### **Repurchase Price**

Repurchase Price = Applicable NAV \* (1 - Exit Load, if any)

#### **Example**

If the Applicable NAV is Rs.15 and the exit load applicable is 0.5%, the repurchase price is calculated as follows:

$$\begin{aligned} \text{Repurchase Price} &= 15 * (1 - 0.005) \\ &= 15 * 0.995 \\ &= 14.925 \end{aligned}$$

## **E. DEDUCTION OF TRANSACTION CHARGE FOR INVESTMENTS THROUGH DISTRIBUTORS / AGENTS**

SEBI has vide its Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 allowed Mutual Funds to deduct following transaction charge on per subscription of Rs. 10,000 and above, where such subscriptions are received through distributors /agents based on the type of product opted-in to receive the transaction charges.

As per SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, with effect from November 1, 2012 the distributors shall also have the option to opt in or opt out of levying transactions charges based on the type of product.

Accordingly, transaction charges as follows will be deducted by the Fund, from the subscription received from investors and paid to distributors /agents who have opted to receive the transaction charge.

### **(i) First Time Investor in Mutual Fund (across all Mutual Funds)**

Transaction charge of Rs. 150/- per subscription of Rs. 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor and the balance shall be invested in the relevant scheme opted by the investor.

### **(ii) Existing Investor in Mutual Fund**

Transaction charge of Rs. 100/- per subscription of Rs. 10,000 and above will be deducted by the Fund from the subscription amount and paid to the distributor/agent of the investor and the balance shall be invested in the relevant scheme opted by the investor.

However, transaction charges in case of investments through SIP under (i) and (ii) above shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/- or more. The transaction charge shall be deducted in 4 equal installments, starting from the 2nd installment to the 5th installment.

### **(iii) Transaction charges shall not be deducted for**

- (a) Purchases/subscriptions for an amount less than Rs. 10,000;
- (b) Transactions other than purchases/subscriptions relating to new inflows such as Switch/STP/SWP etc.;
- (c) Purchases/subscriptions made directly with the Fund without any ARN code i.e. not through any distributor/agent.
- (d) Purchases/subscriptions carried out through the Stock Exchange Platform.

The statement of account to unit holders will clearly provide details of the net investments as gross subscription amount less transaction charge and the number of units allotted against the net investment.

## **F. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no Entry Load will be charged. Therefore, the procedure for Waiver of Load for Direct Applications is no longer applicable.

However, as per Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 issued by SEBI, investors will have an option to purchase/subscribe units directly with the Fund under a separate Plan available for direct investments, i.e. investments not routed through the Distributors, referred as "Direct Plan". Purchase/subscription applications routed through distributor will not be eligible for investment under Direct Plan. All the features of the Direct Plan like the investment objective, asset allocation pattern, investment strategy, risk factors, facilities offered, load structure etc. will be the same except for a lower expense ratio. If the Distributor Code in the application form is incorrect/not mentioned or Distributor code is mentioned but 'Direct Plan' also indicated in the form, the application will be processed under the Direct Plan.

## SECTION V - RIGHTS OF UNITHOLDERS

For details of Rights of Unitholders, please refer Statement of Additional Information (SAI).

## SECTION VI - PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. *All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income/revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.*

The Sponsor of the Mutual Fund is HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956. The Sponsor being an Indian entity, this section is not applicable. Please refer below point.

2. *In case of Indian Sponsor(s), details of all monetary penalties imposed and/or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.*

- a) Penalties imposed by a financial regulatory body or government authority against the Sponsor and/or the AMC and/or the Board of the Trustees, for irregularities/ violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law, during the last three years:

Penalty imposed by Exchanges on HSCI during the period April 1, 2020 – March 31, 2023 excluding the penalties imposed by the Exchanges in the ordinary course of business:-

Exchange	Reason	Date	Penalty imposed and paid (Rs.)
NSE	Delayed submission of Bank Account Balances January -2021	March - 2021	2,500
BSE	Charge for Observations in Internal Audit Report for HY ended Sep. 21	June - 2022	2,000
NSE	Delayed submission of Enhance Surveillance Report	Nov. - 2022	10,000
NSE	Delayed submission of Bank Account Balances	Nov. - 2022	10,000
NSE	Operational error in reporting Securities Holding Statement (ISIN number of one security had changed)	March - 2023	100,000

- b) For irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture

holders and depositors, or for economic offences, or for violation of securities law.

NIL

3. *Details of all enforcement actions taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/are a party. The details of the violation shall also be disclosed*

SEBI has issued a letter to HSCI dated April 11, 2017 in connection with inspection of books and records of its Merchant Banking activities conducted in January 2016. In terms of letter, SEBI has issued an administrative warning in regard to record keeping of one transaction. Further, it also informed HSCI of initiation of adjudication proceedings under SEBI Act, 1992, in connection with one of the open offer transaction managed by them. HSCI is awaiting further details from SEBI.

4. *Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel are a party should also be disclosed separately.*

### Garnishee Notice from Income Tax Authorities:

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th February 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of February 2017 is scheduled to be heard on 13 Jan 2023.

5. *Any deficiency in the systems and operations of the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.*

There are no deficiencies in the systems and operations of the Sponsor of the Mutual Fund and/or the AMC and/or the Board of Trustees which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency to be disclosed in SID.

The above information has been disclosed in good faith as per the information available to the AMC.

**Notwithstanding anything contained in this SID, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**Notes:** Any amendments/replacement/re-enactment of SEBI (MF) Regulations subsequent to the date of this SID shall prevail over those specified in this SID.

For and on behalf of the Board of Directors of  
**HSBC Asset Management (India) Private Limited**

Sd/-  
**Sumesh Kumar**  
*Compliance Officer*

Place: Mumbai

Date: April 28, 2023.

## OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTION REQUESTS

Please check our website [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in) for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

### CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit [www.camsonline.com](http://www.camsonline.com)

### TOLL FREE NUMBERS

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200 / 1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Distributor related queries	1800-419-9800	partner.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200 / 1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in



**HSBC Asset Management (India) Private Limited**

CIN: U74140MH2001PTC134220

**Registered Office :** 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India

**Toll Free Numbers :** 1800-4190-200/1800-200-2434 (within India)

**Fax :** 022-49146033

**Email IDs :** [investor.line@mutualfunds.hsbc.co.in](mailto:investor.line@mutualfunds.hsbc.co.in)

**Website :** [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)