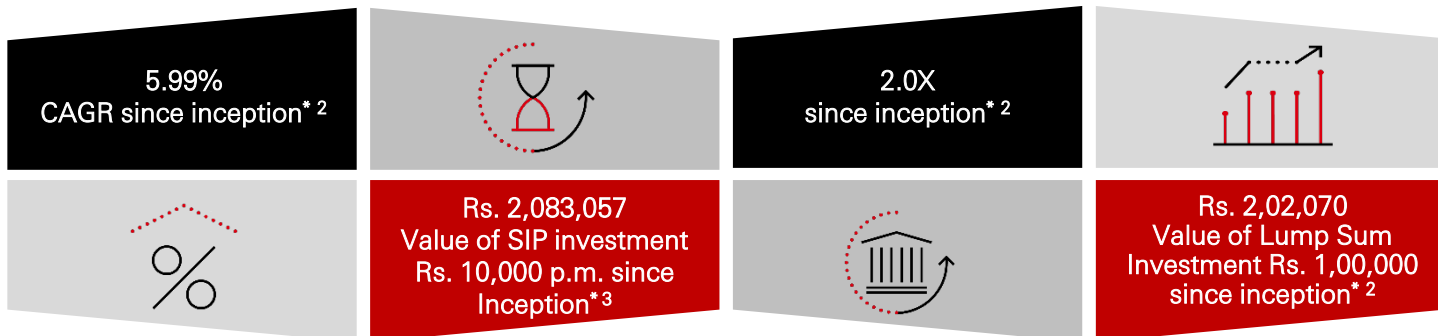


Product Note

HSBC Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

August 2026



Why HSBC Arbitrage Fund

The fund has exposure in companies where the fund manager believes, dividend arbitrage opportunities can exist.



The rest is invested in schemes of HSBC Mutual Fund, G-Secs/ TBILLs and CP/CD's (including for Margin Placements). The debt portion is actively managed but has a conservative maturity profile and a high quality focus: AAA/Sovereign/A1+ portfolio and no exposure to any low rated Debt Instruments or any Perpetual Bonds as on April 29, 2026.



The average roll spreads captured this month was 7.22% annualized.



Key Facts

Fund Manager	Praveen Ayathan, Mahesh Chhabria and Mohd. Asif Rizwi
Benchmark¹	Nifty 50 Arbitrage Index
Inception Date	30 June 2014
AUM[®]	Rs. 2,997.62 cr.

¹ As per clause 7.22 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 on Benchmarks for Mutual Fund Schemes' has two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark.
² As on 31 July 2026 of Growth option regular plan. During the same period, scheme benchmark (Nifty 50 Arbitrage Index) has moved by 2.0X to Rs. 2,00,410 from Rs. 100,000 and delivered return of 5.92%. Please refer detailed performance of HSBC Arbitrage Fund. ³ During the same period, value of scheme benchmark (Nifty 50 Arbitrage Index) has moved to Rs. 2,105,958.

The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). Past performance may or may not sustain and doesn't guarantee the future performance. SEBI Registered Name/Number-HSBC Mutual Fund/MF/046/02/5

Portfolio	% to Net Assets	% to Net Assets(Hedged)	% to Net Assets(Unhedged)	Industry - Allocation	% to net assets
HDFC Bank Limited	Banks	5.44%	5.44%	Banks	25.08%
Canara Bank	Banks	3.92%	3.92%	Internal - Mutual Fund Units	19.30%
Adani Energy Solutions Limited	Power	3.15%	3.15%	Debt Instrument	11.29%
Adani Power Limited	Power	2.94%	2.94%	Power	6.63%
Bandhan Bank Limited	Banks	2.73%	2.73%	Finance	3.53%
ICICI Bank Limited	Banks	2.71%	2.71%	Consumer Durables	3.50%
Yes Bank Ltd	Banks	2.51%	2.51%	Ferrous Metals	3.46%
Crompton Greaves Consumer Electrical Ltd	Consumer Durables	2.25%	2.25%	Pharmaceuticals & Biotechnology	3.27%
AU Small Finance Bank Limited	Banks	2.03%	2.03%	Petroleum Products	2.72%
Jio Financial Services Limited	Finance	2.03%	2.03%	Electrical Equipment	2.21%

Investment Objective

The investment objective of the Scheme is to seek to generate reasonable returns by predominantly investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

Month End Base Expenses Ratios (Annualized)⁴

Plan	Base Expense Ratio (BER)
Regular ⁵	0.75%
Direct	0.22%

Market Capitalisation Large Cap

Mid Cap	39.38%
Small Cap	20.43%
Debt	9.00%
	31.19%

⁴ BER excludes brokerage & transaction cost, and statutory levies(including GST). Refer to the notice cum addendum issued on March 27, 2026 with respect to change in "Base Expense Ratio (BER) limits" of all schemes of HSBC Mutual Fund effective April 01, 2026. For detailed BER Click Here (https://old.camsonline.com/COL_HSBCTDownload.aspx). ⁵ Continuing plans

Fund Manager - Praveen Ayathan Effective 30 Jun 2014. Total Schemes Managed – 5, Fund Manager - Mahesh Chhabria Effective 15 Jul 2023. Total Schemes Managed - 14

Fund Manager - Mohd Asif Rizwi Effective 01 Feb 2025. Total Schemes Managed - 15

Lump Sum Investment Performance											Inception Date
Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		3 Years		5 Years		10 Years		Since Inception		
	Amount in Rs	Returns %	Amount in Rs	Returns %	Amount in Rs	Returns %	Amount in Rs	Returns %	Amount in Rs	Returns %	
HSBC Arbitrage Fund – Regular Plan~	10597	5.97	12162	6.74	13287	5.84	17439	5.71	20207	5.99	30-Jun-14
Scheme Benchmark (Nifty 50 Arbitrage Index)	10731	7.31	12445	7.56	13721	6.52	17291	5.62	20041	5.92	
Additional Benchmark (Nifty 50 TRI)	9957	-0.43	12798	8.56	16405	10.40	31857	12.27	37126	11.46	
HSBC Arbitrage Fund – Direct Plan~	10655	6.55	12393	7.41	13722	6.53	18545	6.36	21763	6.64	30-Jun-14
Scheme Benchmark (Nifty 50 Arbitrage Index)	10731	7.31	12445	7.56	13721	6.52	17291	5.62	20041	5.92	
Additional Benchmark (Nifty 50 TRI)	9957	-0.43	12798	8.56	16405	10.40	31857	12.27	37126	11.46	

Past performance may or may not be sustained in future and is not a guarantee of any future returns. The performance details provided herein are of Regular as well as Direct Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of July 2026 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan.

As per clause 6.9.1 of the SEBI Master Circular for Mutual Funds dated March 20, 2026., the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 14.3 of the SEBI Master Circular for Mutual Funds dated March 20, 2026., on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes. ~ Face value Rs 10

SIP Performance HSBC Arbitrage Fund - Reg					Inception Date: 30 Jun 14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1450000	
Market Value as on 31 July 2026 (₹)	123,938	396,508	704,822	2,083,057	
Scheme Returns (%)	6.17	6.38	6.38	5.80	
Nifty 50 Arbitrage Index - Scheme Benchmark (₹)	124,625	402,463	720,036	2,105,958	
Nifty 50 Arbitrage Index - Scheme Benchmark Returns (%)	7.26	7.39	7.23	5.97	
Nifty 50 TRI - Additional Benchmark (₹)	119,612	384,933	736,947	3,098,477	
Nifty 50 TRI - Additional Benchmark Returns (%)	-0.60	4.40	8.16	11.89	

SIP Performance HSBC Arbitrage Fund – Direct Plan					Inception Date: 30 Jun 14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1450000	
Market Value as on 31 July 2026 (₹)	124,286	400,290	716,687	2,172,424	
Scheme Returns (%)	6.72	7.02	7.05	6.46	
Nifty 50 Arbitrage Index - Scheme Benchmark (₹)	124,625	402,463	720,036	2,105,958	
Nifty 50 Arbitrage Index - Scheme Benchmark Returns (%)	7.26	7.39	7.23	5.97	
Nifty 50 TRI - Additional Benchmark (₹)	119,612	384,933	736,947	3,098,477	
Nifty 50 TRI - Additional Benchmark Returns (%)	-0.60	4.40	8.16	11.89	

Past performance may or may not be sustained in future and is not a guarantee of any future returns. For SIP returns, monthly investment of Rs. 10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. Load is not taken into consideration.
 Mayank Chaturvedi shall be the fund manager for investments in foreign securities (wherever applicable) for all the schemes of HSBC Mutual Fund. w.e.f. October 01, 2025.

[Click here](#) to check other funds performance managed by the Fund Manager

Exit Load: Any redemption/switch-out of units on or before 1 month from the date of allotment: 0.25% If units are redeemed or switched out after 1 Month from the date of allotment: NIL (Effective date: August 01, 2023)

Product Label

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
HSBC Arbitrage Fund (An open ended scheme investing in arbitrage opportunities) This product is suitable for investors who are seeking*: • Generation of reasonable returns over short to medium term • Investment predominantly in arbitrage opportunities in the cash and derivatives segments of the equity markets; and debt and money market instrument.	 The risk of the scheme is Low Risk	As per AMFI Tier I Benchmark i.e. Benchmark Index: Nifty 50 Arbitrage Index  The risk of the benchmark is Low Risk

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

Note on Risk-o-meters: Riskometer is as on 31 July 2026, 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
Note : Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

Past performance may or may not be sustained in future and is not a guarantee of any future returns. Source: HSBC Mutual Fund, data as on 31 July 2026

Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 2026 and guidelines issued thereunder, HSBC AMC, its employees and/or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in.

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