

HSBC Income Plus Arbitrage Active FOF

(Erstwhile HSBC Managed Solutions India – Conservative Plan)
(An open-ended Income plus Arbitrage Active Fund of Fund scheme)
Product Note | April 2025

| Fund Category | Fund Manager | Benchmark ¹ | Inception Date | AUM ² & |
|--|-----------------------------------|--|----------------|--------------------|
| Hybrid FoF - Income plus Arbitrage FoF | Mohd Asif Rizwi, Mahesh Chhabria® | 65% NIFTY Short Duration Debt Index + 35% NIFTY 50 Arbitrage Index | 30-Apr-14 | Rs 62.72 Cr |

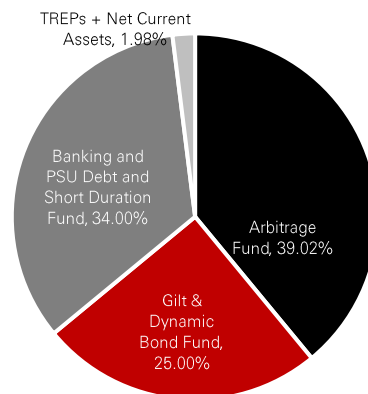
Portfolio

| Issuer | % to Net Assets |
|--|-----------------|
| Mutual Fund Units | 98.02% |
| HSBC Arbitrage Fund Direct Growth | 39.02% |
| HSBC Banking and PSU Debt Fund – Direct | 14.00% |
| HSBC Dynamic Bond Fund - Direct Growth | 10.00% |
| HSBC Gilt Fund - Direct Growth | 15.00% |
| HSBC Short Duration Fund - Direct Growth | 20.00% |
| TREPS* + Net Assets | 1.98% |
| Total Net Assets as on 4-Apr-2025 | 100.00% |

*TREPS : Tri-Party Repo fully collateralized by G-Sec



Asset Allocation



| Asset Type | Equity | Fixed Income | | Fixed Income | |
|------------------|----------------------------|--------------------------------|--------------------------|---------------------------|------------------------|
| Strategies | Arbitrage Strategy | Core Fixed Income Strategy | | Alpha Generating Strategy | |
| Fund Allocations | HSBC Arbitrage Fund + Cash | HSBC Banking and PSU Debt Fund | HSBC Short Duration Fund | HSBC Gilt Fund | HSBC Dynamic Bond Fund |
| Mod Duration | - | 2.97 | 2.8 | 10.38 | 8.77 |

A scheme with an active mix of Arbitrage and Actively managed exposure across high quality debt funds.

HSBC Income Plus Arbitrage Active FoF[^]

(An open-ended Income plus Arbitrage Active Fund of Fund scheme)

| Arbitrage (35-45%) | Active Debt allocation (55-65%) |
|-----------------------------|---|
| 100% Hedged Equity Exposure | <ul style="list-style-type: none"> High Asset quality (100% Sovereign / AAA) Active allocation across debt fund categories across maturities depending on the macro view and interest rate scenario |

¹As per clause 1.9 of the SEBI Master Circular for Mutual Funds no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90d dated 27, 2024, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021.² AUM is as on 4 April 2025. Portfolio as of 4 April 2025, Mod data as of 31 March '25, @ Fund positioning is effective from March 13, 2025

®For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investorresources/information-library#&accordion1446811090=4>

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[Click here](#) to refer to the notice of 'Categorization of HSBC Managed Solutions Fund'

Source – HSBC Mutual Fund, Past performance may or may not be sustained in the future and is not indicative of future results.

Fund of Fund (FOF) Note - The investors are bearing the recurring expenses of the scheme, in addition to the expenses of other schemes in which the Fund of Funds Scheme makes investments. Note : Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

- HSBC Income Plus Arbitrage Active FoF allows the Fund Manager to switch between debt schemes without any tax incidence to adapt to market conditions – thereby optimizing capital gains for investors
- Aims to offer reasonable returns compared to an only debt-strategy with better tax-efficiency (12.5% with a 2-year investment horizon)

Investment Objective

- The investment objective is to generate income / long-term capital appreciation by investing in units of debt-oriented and arbitrage schemes and money market instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.

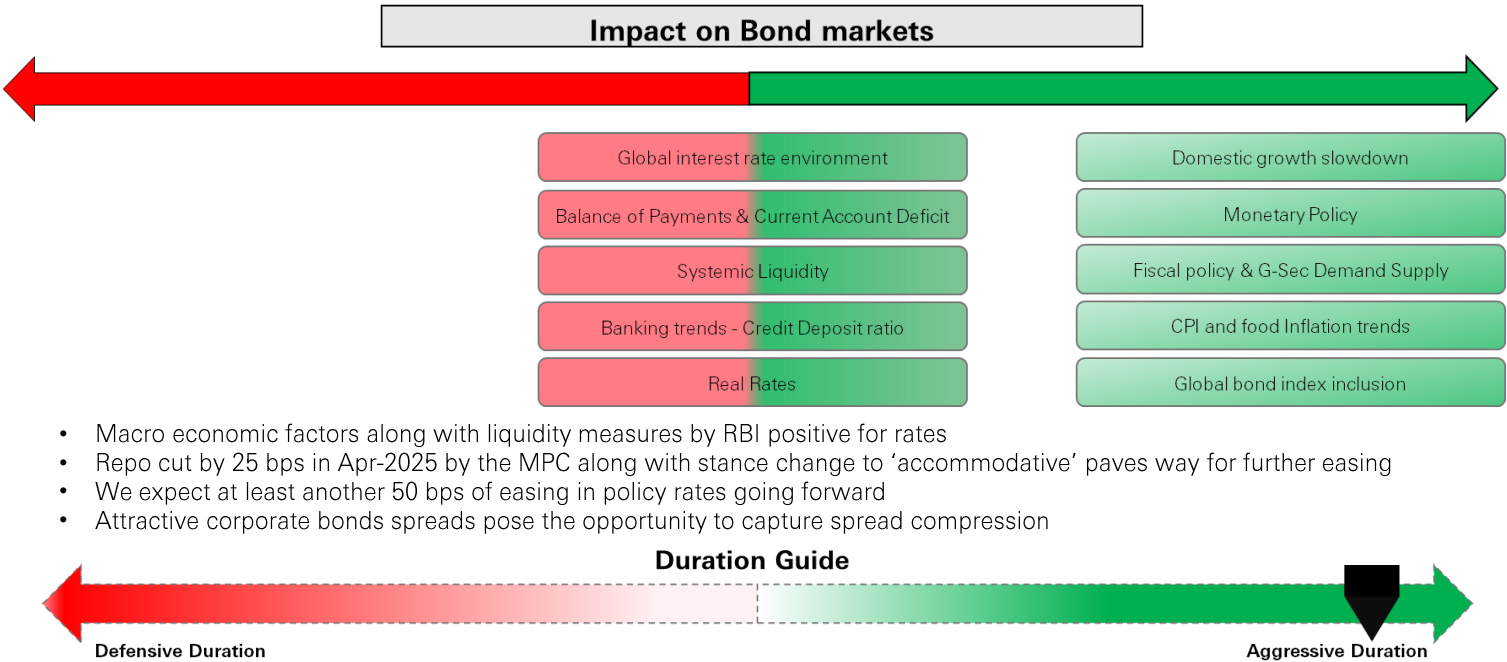
Our Philosophy

- Focus on investors' risk profile to meet the needs and preference of investors
- Deliver solutions through Fund of Funds (FoF) feeding into HSBC/third party funds
- Active investment opportunity supported by variety of debt schemes across maturity, credits and investment strategies

Why HSBC Income Plus Arbitrage Active FoF?

- To benefit from exposure to arbitrage and debt-oriented schemes with the aim to capture the opportunities offered by Indian debt markets
- True to label fund – The fund will stay true to its objective in keeping with the mandate reposed by the investor whilst investing in the fund
- Dynamic management of maturity through underlying scheme selection to generate alpha and capture accrual opportunities

Top-down assessment suggests a positive bias for interest rates



Please refer Scheme Information Document (SID) for more details on scheme.

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Source – HSBC Mutual Fund, RBI, Data as of 9 April 2025,. Note : Views provided above are based on information available in public domain at this moment and subject to change. Investors should not consider the same as investment advice. Please consult your financial advisor for any investment decision. Past performance may or may not be sustained in the future and is not indicative of future results.

Key takeaways: HSBC Income Plus Arbitrage Active FoF

Duration positioning basis favorable rate view (as of 9 Apr '25)



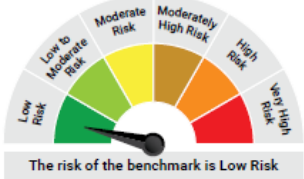
Ability to switch across debt schemes basis view on interest rates

High-quality underlying debt portfolio comprising only G-Sec and AAA securities

No impact cost to investor while switching between debt schemes

Tax efficient proposition aims for potentially boosting net returns to investors

Product Label

| Scheme name and Type of scheme | Scheme Risk-o-meter | Benchmark Riskometer (as applicable) |
|--|--|---|
| <p>HSBC Income Plus Arbitrage Active FOF (Erstwhile HSBC Managed Solutions India - Conservative)</p> <p>(An open-ended Income plus Arbitrage Active Fund of Fund scheme)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none">To provide income over the long-term.Investing predominantly in schemes of debt mutual funds, Arbitrage Funds and money market instruments. <p>Benchmark Index : 65% NIFTY Short Duration Debt Index + 35% NIFTY 50 Arbitrage Index</p> |  | <p>NIFTY Short Duration Debt Index</p>  <p>NIFTY 50 Arbitrage Index</p>  |



Data as on 9 April 2025 unless otherwise given, Please refer Scheme Information Document (SID) for more details on scheme.



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* 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 March 2025, 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. Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

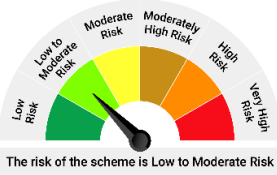
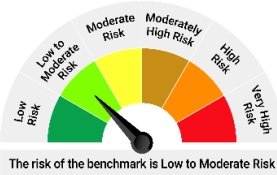
| HSBC Arbitrage Fund | | |
|---|--|---|
| <div>*Scheme Riskometer</div> <div><p>The risk of the scheme is Low Risk</p></div> | <div>(An open ended scheme investing in arbitrage opportunities)</div> <div>This product is suitable for investors who are seeking*:</div> <div><ul style="list-style-type: none">• 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</div> <div>As per AMFI Tier I Benchmark i.e. Benchmark Index: Nifty 50 Arbitrage Index</div> | <div>Benchmark Riskometer (as applicable)</div> <div><p>The risk of the benchmark is Low Risk</p></div> |

| Scheme name and Type of scheme | *Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|---|---|---|
| <div>HSBC Banking and PSU Debt Fund</div> <div>(An open ended debt scheme primarily investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.)</div> <div>This product is suitable for investors who are seeking*:</div> <div><ul style="list-style-type: none">• Generation of reasonable returns and liquidity over short term• Investment predominantly in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions and municipal corporations in India</div> | <div><p>The risk of the scheme is Moderate Risk</p></div> | <div>As per AMFI Tier 1. Benchmark Index: NIFTY Banking & PSU Debt Index A-II</div> <div><p>The risk of the benchmark is Low to Moderate Risk</p></div> |

| Potential Risk Class (HSBC Banking and PSU Debt Fund) | | | |
|--|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | | |
| Moderate (Class II) | | | |
| Relatively High (Class III) | A-III | | |
| A Scheme with Relatively High interest rate risk and Low credit risk. | | | |



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| Scheme name and Type of scheme | *Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|--|--|--|
| <p>HSBC Ultra Short Duration Fund</p> <p>(An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months. (Please refer Page No. 11 for explanation on Macaulay’s duration). Relatively Low interest rate risk and moderate credit risk.)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> Income over short term with low volatility. Investment in debt & money market instruments such that the Macaulay Duration of the portfolio is between 3 months- 6 months.^ |  <p>The risk of the scheme is Low to Moderate Risk</p> | <p>As per AMFI Tier 1. Benchmark Index: NIFTY Ultra Short Duration Debt Index A-I</p>  <p>The risk of the benchmark is Low to Moderate Risk</p> |

^ The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

| Potential Risk Class (HSBC Ultra Short Duration Fund) | | | |
|---|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | B-I | |
| Moderate (Class II) | | | |
| Relatively High (Class III) | | | |
| A Scheme with Relatively Low interest rate risk and Moderate credit risk. | | | |



| Scheme name and Type of scheme | *Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|---|--|---|
| <p>HSBC Short Duration Fund</p> <p>(An open ended short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 1 year to 3 years (please refer to page no. 11 of SID for details on Macaulay’s Duration). A Moderate interest rate risk and Relatively Low credit risk.)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> Generation of regular returns over short term Investment in fixed income securities of shorter-term maturity. |  <p>The risk of the scheme is Moderate Risk</p> | <p>As per AMFI Tier 1. Benchmark Index: NIFTY Short Duration Debt Index A-II</p>  <p>The risk of the benchmark is Moderate Risk</p> |

| Potential Risk Class (HSBC Short Duration Fund) | | | |
|--|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | | |
| Moderate (Class II) | A-II | | |
| Relatively High (Class III) | | | |
| A Scheme with Relatively Moderate interest rate risk and Moderate credit risk. | | | |

^ The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price


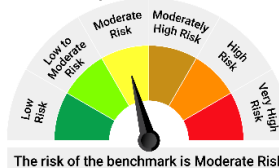
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| Scheme name and Type of scheme | *Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|---|---|---|
| HSBC Gilt Fund (An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.) This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> • Generation of returns over medium to long term • Investment in Government Securities. |  <p>The risk of the scheme is Moderate Risk</p> | As per AMFI Tier 1. Benchmark Index: NIFTY All Duration G-Sec Index  <p>The risk of the benchmark is Moderate Risk</p> |

Potential Risk Class (HSBC Gilt Fund)

| | | | |
|---|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | | |
| Moderate (Class II) | | | |
| Relatively High (Class III) | A-III | | |
| A Scheme with Relatively High interest rate risk and Low credit risk. | | | |

| Scheme name and Type of scheme | *Scheme Risk-o-meter | Benchmark Risk-o-meter (as applicable) |
|--|--|--|
| HSBC Dynamic Bond Fund (An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.) This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> • Generation of reasonable returns over medium to long term • Investment in fixed income securities |  <p>The risk of the scheme is Moderate Risk</p> | As per AMFI Tier 1. Benchmark Index: NIFTY Composite Debt Index A-III  <p>The risk of the benchmark is Moderate Risk</p> |

Potential Risk Class (HSBC Dynamic Bond Fund)

| | | | |
|---|--------------------------|--------------------|---------------------------|
| Credit Risk → | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓ | | | |
| Relatively Low (Class I) | | | |
| Moderate (Class II) | | | |
| Relatively High (Class III) | A-III | | |
| A Scheme with Relatively High interest rate risk and Low credit risk. | | | |

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Past performance may or may not be sustained in the future and is not indicative of future results. Source: HSBC Mutual Fund, data as on 31 March 2025

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