

## LETTER TO UNITHOLDERS

Date: October 14, 2022

Dear Unitholder,

### Sub: Proposed changes to the fundamental attributes of HSBC Debt Fund and amendments to the trust deed constituting HSBC Mutual Fund

We are pleased to inform you that HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), the sponsor of the HSBC Mutual Fund, HSBC Asset Management (India) Private Limited (the “HSBC AMC”), the asset management company of the HSBC Mutual Fund and the Board of Trustees of the HSBC Mutual Fund (the “HSBC Trustees”) and L&T Investment Management Limited (the “L&T AMC”), L&T Mutual Fund Trustee Limited (the “L&T Trustee”), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the “Seller”), the existing sponsor of the L&T Mutual Fund have entered into a transfer agreement dated 23 December 2021 (the “Agreement”) which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund (“L&T MF Schemes”) whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes (including the changes to the fundamental attributes to L&T MF Schemes), which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund (“HSBC MF Schemes”) or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC held by the Seller and its nominees by HSBC AMC and its nominees (collectively, the “Proposed Transaction”).

As part of the Proposed Transaction, the trust deed dated 7 February 2002 constituting the HSBC Mutual Fund and appointing the HSBC Trustees (“HSBC Trust Deed”) is required to be amended.

Please refer to the Notice dated October 14, 2022 for the details relating to merger of identified L&T MF Schemes and identified HSBC MF Schemes and other changes to the identified L&T MF Schemes and identified HSBC MF Schemes.

### 1. Brief Background of the Proposed Transaction

L&T Mutual Fund presently has 29 schemes in operation and pursuant to the Agreement, it is intended that:

- (i) L&T MF Schemes will be transferred to HSBC Mutual Fund and shall form part of HSBC Mutual Fund, and identified L&T MF Schemes shall be merged/consolidated with identified HSBC MF Schemes or vice versa, and the surviving schemes shall form an integral part of the HSBC Mutual Fund;
- (ii) HSBC Trustees will assume the trusteeship of the L&T MF Schemes from the L&T Trustee and the asset management company of the L&T MF Schemes will be changed from L&T AMC to HSBC AMC;
- (iii) the Seller shall cease to be the sponsor of the L&T MF Schemes and HSCI will become the sponsor of the L&T MF Schemes; and
- (iv) HSBC AMC will, along with its nominees, acquire the entire share capital of L&T AMC from the Seller and its nominees.

Post successful completion of the Proposed Transaction (“Completion”), it is intended that the mutual fund registration granted to L&T Mutual Fund enabling it to act as a mutual fund shall be surrendered and approval granted to L&T AMC to act as the asset management company of L&T Mutual Fund shall be withdrawn by way of a separate application to the Securities and Exchange Board of India (“SEBI”) for cancellation. Consequently, L&T AMC will exit the Indian domestic mutual fund asset management business.

We are pleased to inform you that SEBI vide its letters no. SEBI/HO/IMD/IMD RAC2/P/OW/2022/51917/1 dated October 11, 2022 and SEBI/HO/IMD/IMD RAC2/P/OW/2022/52480/1 dated October 14, 2022 (the “SEBI Letter”) has conveyed its no objection to the Proposed Transaction and the amendments proposed to the trust deed of HSBC Mutual Fund (more particularly set out in paragraph 4 below) as required under the SEBI (Mutual Funds) Regulations, 1996 (the “MF Regulations”). Further, the Proposed Transaction has also been approved by the HSBC Trustees and the respective board of directors of the HSBC AMC, the L&T AMC and the L&T Trustee.

This letter serves as a written communication to the unitholders of HSBC Debt Fund about the changes to the fundamental attributes of the scheme and the procedure that will be followed for the approval being sought from the unitholders of HSBC Debt Fund for amendments to the HSBC Trust Deed (as defined below). As a unitholder of HSBC Debt Fund, you are urged to go through this communication carefully and consult your advisors in the event you have any questions. Please also do not hesitate to contact any of our offices at the addresses mentioned in Exhibit 1 hereto if you have any question with respect to this letter. You may also reach us by dialing the toll-free numbers 1800 200 2434 / 1800-258-2434 or +91 44 39923900 (in case of unitholders calling from abroad).

### 2. Expected Benefits of the Proposed Transaction

Broadly, the Proposed Transaction is expected to result in the following benefits:

- a) L&T Mutual Fund is an established mutual fund in India with an AUM of approximately INR 72,322.38 crores for the month ended September 30, 2022. The Seller established its presence in the mutual funds industry through the acquisition of the mutual fund business of DBS Chola Mutual Fund in 2010 and Fidelity Mutual Fund in 2012. The Seller has demonstrated its ability to successfully integrate and grow acquired mutual fund portfolios. Since its acquisition of the mutual fund businesses of DBS Chola Mutual Fund and Fidelity Mutual Fund, the average AUM of L&T Mutual Fund has increased from approximately INR 2,520 crores (for the month of January 2010 for the erstwhile DBS Chola Mutual Fund) to approximately INR 72,322.38 crores for the month ended September 30, 2022. (Source: AMFI).
- b) The Proposed Transaction will help HSBC to increase foothold in the mutual fund industry in the near future and HSBC is committed to growth. The proposed sale of L&T Mutual Fund to HSBC Mutual Fund will increase the scale and resources of the entity and deliver a strong value proposition to all unitholders. The strength of the HSBC global brand and its strong track record in the area of investor care is expected to help enhance the investor experience of all unit holders.
- c) HSBC AMC has a long track record and has delivered reasonable return to its unitholders.
- d) The merger of HSBC MF Schemes and L&T MF Schemes would allow HSBC AMC and HSBC Trustees to avoid the existence of similar schemes in HSBC Mutual Fund and enable optimum utilization of resources and to present to the unitholders, a simplified range of schemes in the interest of the unitholders. It is in the interest of the unitholders that the HSBC Trustees and the board of directors of HSBC AMC have decided to merge some of their schemes with those of the schemes of L&T AMC or vice versa.

### 3. Proposal

We would like to inform you that as part of the Proposed Transaction:

- a) the trust deed dated 7 February 2002 constituting the HSBC Mutual Fund and appointing the HSBC Trustees (the “HSBC Trust Deed”) is required to be amended; and

Computer Age Management Services Ltd., Unit : HSBC Mutual Fund, “C” Block, 2nd Floor, Hanudev Info Park P Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028 or call us on 1800-200-2434 / 1800-258-2434

HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063 or call us on 1800-200-2434 / 1800-258-2434

Company Identity Number (CIN): U74140MH2001PTC134220 ; Email: hsbcmf@camsonline.com ; Website: www.assetmanagement.hsbc.co.in

b) changes to the fundamental attributes of HSBC Debt Fund (“Changes to the Scheme”) will be undertaken (as described below in paragraph 5). By this letter, we seek to provide you with further information for each of the above-mentioned steps in the manner described in this letter hereinafter.

#### 4. Approval for proposed amendments to the HSBC Trust Deed

In order to give effect to the Proposed Transaction, the HSBC Trust Deed will have to be amended to, inter alia, authorise the HSBC Trustees to transfer the schemes of another mutual fund to the HSBC Mutual Fund, merge such schemes with the existing schemes of the HSBC Mutual Fund or vice-versa, such that they form part of HSBC Mutual Fund, and authorize the HSBC Trustees to assume trusteeship of such schemes (i.e. clause 2.7 of the draft deed of amendment related to insertion of a new clause “7A Transfer/Merger/Consolidation of schemes by the Trustees”) and also undertake certain other amendments necessary for convenience (i.e. all clauses other than clause 2.7 of the draft deed of amendment). Such amendments are proposed to be effected by way of a deed of amendment to the HSBC Trust Deed (in terms of the draft attached herewith as **Exhibit 2**). In terms of the SEBI Letter, SEBI has confirmed its no objection to the proposed amendments to the HSBC Trust Deed. A copy of the HSBC Trust Deed is available at the registered office of the HSBC AMC at 9-11 Floors, NESCO IT Park, Building no.3, Western express Highway, Goregoan (East), Mumbai, Maharashtra, India – 400063, should you wish to review the same.

In terms of the MF Regulations and the HSBC Trust Deed, we solicit your votes through postal/electronic ballot for approval of the proposed amendments related to the operational convenience to the HSBC Trust Deed (i.e. amendment related to all clauses, other than clause 2.7 of the draft deed of amendment). As per clause 17 of schedule 3 of MF Regulations, amendment stated in clause 2.7 of the draft deed of amendment related to insertion of new clause “7A Transfer/Merger/Consolidation of schemes by the Trustees” does not require approval from unitholders.

##### Terms of Voting:

- All unitholders of the schemes of the HSBC Mutual Fund, as per the records of the registrar in respect of the HSBC MF Schemes, Computer Age Management Services Ltd. (“Registrar”), as at the close of business hours on October 15, 2022, will be entitled to vote in respect of the proposed amendments under reference by following the procedure laid down below.
- In case of postal ballot, the unitholders may use the business reply inland enclosed with this letter. Please note that the unitholders shall not have to bear the postal charges for mailing the same.
- Where email ID is available, a communication will be sent on the registered email ID to facilitate electronic mode of ballot.
- Each unitholder will be entitled to one vote for every unit held on the aforesaid date in respect of the proposed amendments to be passed. Any fractional holding (i.e., holding of less than 1 unit) in this regard will be ignored. The voting rights of joint unitholders in a folio/client ID will be considered as a single voting right.

##### Procedure for voting and determining results of the ballot:

- You are requested to fill and sign the Ballot Paper (enclosed with this notice as **Exhibit 3**), clearly indicating your assent or dissent. (Please note that in case of mode of holding is “Joint” or “Anyone or Survivor” basis, the first named unitholder will sign the Ballot Paper).
- You are requested to mail the duly signed and filled-up Ballot Paper as above, such that the Ballot Paper reaches the Registrar not later than the close of business hours on November 21, 2022 at the following address:

##### **Computer Age Management Services Ltd.**

Rayala Tower -1, 158 Anna Salai, Chennai – 600 002

Please note that you will not have to bear any postal charges for mailing the Ballot Paper to the Registrar of HSBC Mutual Fund. If you choose to send the duly signed and filled-up Ballot Paper by courier or by other means at your expense, you are requested to superscribe the envelope containing the Ballot Paper with, “HSBC Mutual Fund – Ballot” and send it to the above mentioned address of the Registrar.

- If you require a fresh Ballot Paper, you are requested to contact the Registrar at the above address or visit investor service centres of HSBC AMC as mentioned in **Exhibit 1**.
- In case of electronic ballot, you are requested to provide your consent through the link provided in the e-mail communication.
- All duly signed and filled-up Ballot Papers, received by the Registrar upto the close of business hours on November 21, 2022 will be accepted and considered valid for the purpose of determining the results of ballot.
- The Registrar will conduct and control the exercise of the postal ballot and all valid ballot papers will be counted by the Registrar under the supervision of an authorised official of HSBC AMC or, if considered necessary by the HSBC Trustees, an independent scrutinizer appointed by the HSBC Trustees.
- If more than 50% of the total valid votes received are in favour of the proposed amendments, it will stand approved and will be binding on the unitholders of all schemes of HSBC Mutual Fund. **You are requested to note that if you do not send the signed and duly filled in Ballot Paper so as to reach the Registrar on or before close of business hours on November 21, 2022, it will be treated as your consent for the proposed amendment of the HSBC Trust Deed.** Further, unitholders to note that if no valid vote is received by the Registrar on or before close of business hours on November 21, 2022, then it will be deemed that none of the unitholders of the schemes of HSBC Mutual Fund have any objection to the proposed amendment of the HSBC Trust Deed and the said amendments would stand approved and be binding on the unitholders of all schemes of HSBC Mutual Fund.

You will be intimated the results of the postal/electronic ballot by way of a notice/advertisement in a newspaper.

#### 5. Changes to the Scheme

It is proposed that the following HSBC MF Scheme will undergo changes to its fundamental attributes:

S. No.	Asset Class	Category	Name of the HSBC MF Scheme
1	Debt	Medium to Long Duration	HSBC Debt Fund

The changes in the fundamental attributes of the above scheme is proposed to enable certain investment related provisions (such as investments in credit default swaps, instrument with special feature, structure obligation and credit enhancement instruments, repo in corporate bond etc.) to enhance the available investment options for the scheme, thereby benefiting the interest of the unitholders. The detailed information relating to Changes to the Scheme is set out in **Exhibit 4** hereto for your reference. All other terms and conditions as mentioned in the scheme information document/key information memorandum of HSBC Debt Fund shall remain unchanged.

#### 6. Exit Option for Changes to the Scheme

This is to inform you, in accordance with the requirements under the MF Regulations, about the proposed Changes to the Scheme which will take effect from Effective Date, in connection with the Proposed Transaction.

The HSBC Trustees and the board of directors of HSBC AMC, have each approved the Changes to the Scheme by their respective resolutions dated 21 January 2022. SEBI has also vide the SEBI Letter confirmed its no objection to the Changes to the Scheme. Please refer to **Exhibit 4** hereto for the proposed Changes to the Scheme.

As per Regulation 18(15A) of the MF Regulations, changes in fundamental attributes can be carried out only after the unitholders of the concerned scheme have been informed of the change by way of a written communication and an option to exit the scheme within a period of at least 30 (thirty) days at the prevailing net asset value (“NAV”) without any exit load is provided to them.

Therefore, in accordance with the MF Regulations, the Changes to the Scheme are considered as changes in the fundamental attributes of HSBC Debt Fund. Accordingly, this letter serves as a written communication to the unitholders of HSBC Debt Fund of the Changes to the Scheme as set out in paragraph 5 above (the “**Relevant Unitholders**”) and the Relevant Unitholders who do not agree to these Changes to the Scheme are given an option to exit without any exit load.

The Relevant Unitholders who do not consent to the Changes to the Scheme (as set out in paragraph 5), are provided an option to exit their investment from HSBC Debt Fund at the prevailing NAV without any exit load (the "Exit Option"), for a period of at least 30 (thirty) days from October 21, 2022 to November 21, 2022 (both days inclusive) (the "Exit Option Period"), if they do not wish to be invested in HSBC Debt Fund following Completion. However, for investments made during the Exit Option Period, there will be no waiver of exit load. The NAV applicable, for the Relevant Unitholders who choose to exercise the Exit Option would be based on the date/time of receipt of redemption/switch request during business hours on a business day.

The Exit Option can be exercised from October 21, 2022 to November 21, 2022 (both days inclusive and up to 3.00 pm on November 21, 2022, by submitting the redemption/switch request (as set out in Exhibit 5 hereto) at any of the HSBC AMC/Registrar's branches or through electronic modes such as HSBC Mutual Fund's website (<https://invest.assetmanagement.hsbc.co.in>) or website of the Registrar (<https://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 (<https://www.mfuidia.com/>).

However, the Exit Option will not be available to those Relevant Unitholders who have pledged/encumbered their units and on which the HSBC Mutual Fund has marked a pledge/lien unless the release of pledge/encumbrance is obtained prior to the expiry of the Exit Option Period and communicated to the HSBC AMC/Registrar's branches before applying for redemption/switch. In case units have been frozen/locked pursuant to an order of a government authority or a court or pursuant to a regulatory requirement, such Exit Option can be executed only after the freeze/lock order is vacated and on receipt of valid redemption request to those Relevant Unitholders who choose to exercise their Exit Option.

For units held in dematerialised mode, the redemption/switch request will have to be submitted to the respective Depository Participant by the Relevant Unitholder. It is mandatory to update Know Your Customer (KYC)/PAN in the folio for processing of transactions, therefore, the Relevant Unitholders are requested to ensure that PAN and other KYC details is updated in the folio at the time of exercising the Exit Option. The KYC forms are available on the HSBC Mutual Fund's website (<https://www.assetmanagement.hsbc.co.in/en/mutual-funds>).

The redemption proceeds will be remitted/dispatched to the Relevant Unitholders within 10 (ten) business days from the date of receipt of the redemption request.

On changes to fundamental attributes of HSBC Debt Fund, the ongoing Systematic Investment Plan ("SIP")/Systematic Withdrawal Plan ("SWP")/Systematic Transfer Plan ("STP") will continue in the existing manner for all future transactions. The Relevant Unitholders who have registered for SIP/SWP/STP in HSBC Debt Fund and who do not wish to continue their future investments/installment in the scheme are required to provide a written request to the HSBC Mutual Fund and it will take at least 21 calendar days to process such requests. Intervening installments will continue to be processed without exit load during the Exit Option Period.

The Relevant Unitholders should ensure that change in address/pay-out bank details, if any required by them, are updated in HSBC Mutual Fund's records before exercising the Exit Option. The Relevant Unitholders holding units in dematerialised form may approach their depository participant for such changes.

In accordance with Notice-cum-Addendum dated 14 February 2020 on process for investment made in the name of a minor through a guardian, unitholders are requested to review the bank account registered in the folio and ensure that, at the time of exercising the Exit Option, the registered bank mandate is in the name of the minor or minor jointly with registered guardian in the folio. In case this requirement is not complied with, redemption payout shall not be processed till the time bank account details are updated as above.

**The Relevant Unitholders having no objection to the proposed Changes to the Scheme and wishing to remain invested in HSBC Debt Fund after completion of the Changes to the Scheme need not take any further action. The Relevant Unitholders may note that the offer to exit is merely an option and not compulsory. We would like the Relevant Unitholders to remain invested in HSBC Debt Fund.**

The Relevant Unitholders who do not exercise their option to exit their investment from HSBC Debt Fund (in accordance with the procedure set out here) will be deemed to have consented to the Changes to the Scheme, and shall continue with their respective rights and privileges under HSBC Debt Fund.

It is hereby clarified that none of the consideration or expenses related to the Proposed Transaction will be charged to the mutual fund schemes operated by HSBC AMC or to the corresponding unitholders.

## 7. Effective Date of Changes to the Scheme

The Changes to the Scheme are subject to Completion and will come into effect from the close of business hours on the date of Completion ("Effective Date").

Prior to the date of Completion, the HSBC AMC will issue a public notice informing the unitholders of HSBC Debt Fund about the Completion and the Effective Date.

## 8. Tax Implications of Changes to the Scheme

Redemption and/or switch of units from HSBC Debt Fund during the Exit Option Period shall be considered as redemption and will result in short term/long term capital gain/loss in the hands of the unitholders depending on the period of holding of the investment.

In case of NRI unitholders, TDS would be deducted in accordance with applicable tax laws for redemption/switch-out of units from HSBC Debt Fund during the Exit Option Period and same would be required to be borne by such unitholder only.

Securities Transaction Tax on redemption/switch-out of units, if any, exercised during the Exit Option Period in HSBC Debt Fund shall be borne by HSBC AMC.

In view of the individual nature of tax consequences, unitholders are advised to consult the professional financial/tax advisors with regard to tax and other financial implications arising out of their participation in Changes to the Scheme.

## 9. Contact Information

This letter has been issued only to the unitholders of HSBC Debt Fund who hold units as per the latest details available in the Registrar's records.

In case you require any further information/assistance, please contact us by dialing the toll-free number 1800 200 2434/1800-258-2434 or visit the nearest Investor Service Centres (the details of which are provided in Exhibit 1 hereto) or alternatively, email us at [hsbcmf@camsonline.com](mailto:hsbcmf@camsonline.com). Unitholders calling from abroad may call on +91 44 39923900 to connect to our customer care centre.

We look forward to having your continued support and patronage and thank you for investing with us.

For HSBC Asset Management (India) Private Limited  
(Investment Manager for HSBC Mutual Fund)



Ravi Menon  
Chief Executive Officer

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

## EXHIBIT 1

### CONTACT DETAILS OF THE INVESTOR SERVICE CENTERS OF HSBC MUTUAL FUND

**Set out below are the contact details of the Investor Service Centres:**

<b>Ahmedabad</b>	: Mardia Plaza, CG. Road, Ahmedabad - 380 006;
<b>Bengaluru</b>	: No. 7, HSBC Centre, M.G. Road, Bengaluru - 560 001;
<b>Chandigarh</b>	: SCO1, Sector 9D, Chandigarh-160 017;
<b>Chennai</b>	: No. 13, Rajaji Salai, 2nd Floor, Chennai -600 001;
<b>Hyderabad</b>	: 6-3-1107 &1108, Rajbhavan Road, Somajiguda, Hyderabad- 500 082;
<b>Kolkata</b>	: 31 BBD Bagh, Dalhousie Square, Kolkata - 700 001;
<b>Mumbai</b>	: 52/60, M. G. Road, Fort, Mumbai - 400 001;
<b>New Delhi</b>	: Ground Floor, East Tower, BirlaTower, 25, Barakhamba Road, New Delhi – 110 001; and
<b>Pune</b>	: Amar Avinash Corporate City, Sector No. 11, Bund Garden Road, Pune - 411 011.

For any queries, unitholders can reach out to us through email at [hsbcmf@camsonline.com](mailto:hsbcmf@camsonline.com) or call us at 1800 200 2434 / 1800-258-2434 (Toll Free) or +91 44 39923900 (unitholders calling from abroad).

**CAMS official point of acceptance:** Kindly visit [www.camsonline.com](http://www.camsonline.com) to know the details of the nearest CAMS investor Service Centre.

## EXHIBIT 2

### DRAFT DEED OF AMENDMENT TO THE HSBC TRUST DEED

THIS Deed of Amendment (“**Deed**”) dated \_\_\_\_\_ (“**Effective Date**”) to the Indenture of Trust dated February 7, 2002), is made and entered into by and amongst:

1. **HSBC Securities and Capital Markets (India) Private Limited**, a company incorporated under the Companies Act, 1956 with its registered office at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, hereinafter referred to as the “**Sponsor**” (which expression shall where the context so requires include its successors in business and assigns) of the **FIRST PART**; and
2. (A) Ms. Jasmine Batliwalla residing at 15, Bhaweshwar Darshan, 31- D, Pedder Road, Mumbai - 400026; (B) Ms. Ho Wai Fun residing at Flat F, 18/F Block 3, Wai Wah Centre, Shatin, New Territories, Hong Kong.; (C) Mr. Nani Javeri residing at Flat 9, Ivorine 154, M. Karve Road, Mumbai – 4000 20; and (D) Dr. T. C. Nair residing at Flat No. 201, Preeti CHS, Kanti Nagar, Off J B Nagar, Andheri (East), Mumbai – 4000 69, the current trustees of HSBC Mutual Fund, hereinafter collectively referred to as the “**Trustees**” (which expression shall where the context so requires include their successors in business and assigns or any substitute(s) appointed under the Trust Deed) of the **SECOND PART**.

The Sponsor and the Trustees are hereinafter referred to individually as a “**Party**” and collectively, as the “**Parties**”.

#### WHEREAS:

- A. The Sponsor and the Trustees have entered into an Indenture of Trust dated February 7, 2002 (“**Trust Deed**”) setting out the terms and conditions relating to the administration of HSBC Mutual Fund and the obligation and duties of the Trustees.
- B. The Sponsor and Trustees are under Clause 21.1 of the Trust Deed empowered to amend or modify the Trust Deed with prior approval of the Securities and Exchange Board of India (“**SEBI**”) and unitholders of the schemes floated under the HSBC Mutual Fund.
- C. The Sponsor, AMC and the Trustees have entered into a transfer agreement dated December 23, 2021 with L&T Finance Holdings Limited, L&T Investment Management Limited and L&T Mutual Fund Trustee Limited, pursuant to which the (a) the schemes of L&T Mutual Fund (“**L&T MF Schemes**”) are proposed to be transferred to and will form an integral part of the HSBC Mutual Fund, and certain L&T MF Schemes and schemes of the Mutual Fund are proposed to be merged/consolidated or vice-versa; (b) the sponsorship, administration, trusteeship and management of the L&T MF Schemes will be handed over to the Sponsor, the Trustees and the AMC, as the sponsor, trustee and asset management company, respectively, of HSBC Mutual Fund, registered as such with SEBI; and (c) the AMC (along with its nominees) will acquire the entire share capital of L&T Investment Management Limited, the asset management company of the L&T Mutual Fund (collectively, the “**Proposed Transaction**”).
- D. In light of the Proposed Transaction and for other operational reasons, the Trustees of the HSBC Mutual Fund have in their meeting held on 21 January 2022 and the board of directors of the Sponsor have by way of a circular resolution passed on 30 January 2022, approved certain amendments to the Trust Deed and passed necessary resolutions to that effect.
- E. Pursuant to the approval dated October 11, 2022 granted by SEBI vide its letter no. SEBI/HO/IMD/IMD RAC2/P/OW/2022/51917/1 consent of the majority of the unitholders of the schemes floated under the HSBC Mutual Fund, the Trustees and the Sponsor have agreed to incorporate the changes required to be stated in the Trust Deed by executing this Deed.
- F. It is proposed that the following amendments as set out in this Deed shall be incorporated in the Trust Deed.

#### THIS DEED WITNESSED AS FOLLOWS:

##### 1. INTERPRETATION

- 1.1. Capitalized terms and expressions used herein shall, unless otherwise defined herein, or unless the context otherwise requires, have the meanings ascribed to them in the Trust Deed.
- 1.2. All terms and conditions regarding the interpretation and construction of the Trust Deed shall be deemed to be incorporated herein.
- 1.3. Recitals stated above shall form an operative part of this Deed.

##### 2. AMENDMENTS TO THE TRUST DEED

- 2.1. The definitions of “Asset Management Company” (Clause 1(a)), “Assets” (Clause 1(b)), “Investments” (Clause 1(h)), “SEBI Regulations” (Clause 1(l)), “Unit” (Clause 1(m)) in the Trust Deed shall be amended and read as follows and the definitions of “Initial Contribution” and “Unit Capital” shall be inserted in the Trust Deed as Clauses 1(hA) and 1(mA), respectively :

(a) “ <b>Asset Management Company</b> ” or “ <b>Investment Manager</b> ”	means HSBC Asset Management (India) Private Limited, a company incorporated under the Companies Act, 1956 with its registered office at 9- 11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai, Maharashtra, India - 400063 and also includes any other asset management company approved as such by SEBI under sub regulation (2) of Regulation 21 of the SEBI Regulations and appointed by the Trustees to operate and manage the functioning of the Mutual Fund.
(b) “ <b>Assets</b> ”	means the Contribution and Unit Capital and shall include all Investments in which the said contribution and Unit Capital are invested, all additions thereto and any income, interest, dividends and accretions to the above or other benefit arising therefrom and other properties which may be substituted for or added thereto.
(c) “ <b>Initial Contribution</b> ”	means the sum of Rs. 1,00,000 (Rupees One Lakh only) entrusted by the Sponsor to the Trustees on or before the execution of this Instrument as initial contribution towards the corpus of the Mutual Fund.
(d) “ <b>Investments</b> ”	means any investments, cash, negotiable instruments, securities, bullion or property, as permitted by the SEBI Regulations, for the time being and from time to time forming part of the Mutual Fund's assets and which may be converted or varied from time to time.
(e) “ <b>SEBI Regulations</b> ”	means the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, as amended from time to time, rules or regulations thereunder and all applicable circulars, guidelines, notices issued by SEBI and as applicable to the Mutual Fund and/or the Trustees and/or the Investment Manager, as the case may be.
(f) “ <b>Unit</b> ”	means the interest of the investors in any scheme of HSBC Mutual Fund, which consists of each unit representing one undivided share in the Assets of that scheme and includes any fraction of a Unit which shall represent the corresponding fraction of one undivided share in the assets of that scheme.
(g) “ <b>Unit Capital</b> ”	means aggregate of the monies and/or property received from the Unitholders in respect of the scheme(s) of the Mutual Fund launched under and in accordance with the SEBI Regulations of the Mutual Fund.

- 2.2. Clause 4.1 of the Trust Deed shall be amended and be read as follows:

“4.1 The meetings of the Trustees shall be held at least once in every two calendar months and at least six such meetings shall be held every year. The quorum for a meeting of the Trustees shall not be less than one-third of its total strength of the Trustees or two Trustees whichever is higher, provided that at least one independent Trustee is present at the meeting.”

2.3. Clause 5.1 of the Trust Deed shall be replaced with and be read as follows:

"5.1 In case of the Board of Trustees, each independent Trustee shall during the continuance of this Trust and until the Trust hereof is finally wound up and whether or not the Trust is in the course of administration by or under the order or directions of any court, be entitled to receive as and by way of Trustees' fees for services rendered herein, a sum of INR 60,000 for each meeting of the Board of Trustees attended by such Trustees or such other sum as may be mutually agreed between the Sponsor and the Board of Trustees from time to time, subject to the SEBI Regulations. Provided further that if a body corporate is appointed as Trustee, then such Trustee shall be entitled to receive as and by way of fees for services rendered herein up to 1% of the assets under management of the scheme of the Mutual Fund or such other sum as may be decided by the Trustee from time to time, subject to the SEBI Regulations.

2.4. The term "Stock Exchange" appearing in Clause 7.1 shall be replaced with "stock exchange".

2.5. Clause 7.10 of the Trust Deed shall be amended and be read as follows:

"7.10 pay all costs, charges, expenses and outgoings of and incidental to the administration and execution of the Trust and the management and maintenance of the Assets and all expenses incurred for the same (including remuneration of the Trustees) in accordance with and subject to the limits under SEBI Regulations, that may be stipulated from time to time."

2.6. The term "investments" appearing in Clause 7.19 shall be replaced with "Investment".

2.7. Clause 7A shall be inserted and be read as follows:

"7A Transfer/Merger/Consolidation of schemes by the Trustees:

(a) The Trustees may, subject to the approval of SEBI, and in the interest of the Unitholders, transfer the trusteeship together with the full responsibility for the trusteeship, management and administration of any one or more schemes to the trustee and the asset management company of another mutual fund registered under the SEBI Regulations ("**Transferee Mutual Fund**"). Such transfer of trusteeship, management and administration may be effected upon such terms and conditions as may be prescribed by SEBI, and such terms and conditions as may be agreed to by the Trustees and the Asset Management Company with the trustee and the asset management company of the Transferee Mutual Fund. Forthwith upon the completion of such transfer of trusteeship, management and administration of the schemes in the aforesaid manner, the Trustees and the Asset Management Company shall be released of all their future obligations and responsibilities in respect of such transferred schemes.

(b) The Trustees may, subject to the approval of SEBI, and in the interest of the Unitholders, takeover the trusteeship together with the full responsibility for the trusteeship, management and administration of any one or more schemes from the trustee and the asset management company of another mutual fund registered under the SEBI Regulations ("**Transferor Mutual Fund**") together with their respective assets and investments and assume liabilities and act as trustee to the said schemes in accordance with the SEBI Regulations. Such takeover of trusteeship, management and administration may be effected upon such terms and conditions as may be prescribed by SEBI, and such terms and conditions as may be agreed to by the Trustees and the Asset Management Company with the trustee and the asset management company of the Transferor Mutual Fund.

(c) Subject to the SEBI Regulations, the Trustees may merge or consolidate the Mutual Fund or any of the schemes of the Mutual Fund with any other mutual fund or schemes of any other mutual fund or vice-versa, as the case may be.

2.8. The term "Scheme" appearing in Clause 8.1 shall be replaced with "scheme".

2.9. The terms "investments" and "investment" appearing in Clause 8.13 shall be replaced with "Investments" and "Investment", respectively.

2.10. Clause 8.15 of the Trust Deed shall be amended and be read as follows:

"8.15 The Trustees shall segregate the Assets of the Mutual Fund from all other assets held by them whether beneficially or as trustees of some other trust and shall also segregate and maintain separate Assets pertaining to each scheme."

2.11. Clause 8.20(d) of the Trust Deed shall be deleted.

2.12. The term "units" appearing in Clause 8.22 shall be replaced with "Unit".

2.13. The term "Allocation of Payments" appearing in Clause 10 shall be replaced with "Allocation of Payments to Capital or Income".

2.14. Clause 10.1 of the Trust Deed shall be amended and be read as follows:

"10.1 The allocation of payments to capital or income or both will be based on the nature of the scheme, and subject to the provisions of the scheme offer document, the accounting policies followed by the respective scheme, and applicable SEBI Regulations."

2.15. The term "instrument" appearing in Clause 13.1 shall be replaced with "Instrument".

2.16. Clause 13.1(b) of the Trust Deed shall be deleted.

2.17. The term "this Agreement" appearing in Clause 17.3(b) shall be replaced with "the Investment Management Agreement".

2.18. Clause 19.1(c) shall be inserted and be read as follows:

"19.1(c) Such other procedures set forth by SEBI under the SEBI Regulations for votes by Unitholders or such other procedures which may be deemed appropriate by the Trustees and approved by SEBI."

2.19. Clause 19.2 shall be inserted and be read as follows:

"19.2 Unitholders shall be entitled to one vote per Unit held on all matters to be voted upon by the Unitholders."

2.20. Clause 19.3 shall be inserted and be read as follows:

"19.3 If the SEBI Regulations do not prescribe any guidelines in this respect, the Trustees shall approve detailed guidelines as laid down by the AMC for the actual conduct and accomplishment of seeking approval of the Unitholders and announcement of its results."

2.21. Clause 25.2 of the Trust Deed shall be amended and be read as follows:

"25.2 Without prejudice to the provisions herein before, any scheme forming a part of the Mutual Fund may be closed, dissolved, wound up or terminated and the proceeds of the investments of such scheme may be distributed in accordance with provisions of the relevant scheme and SEBI Regulations."

### **3. EFFECTIVENESS OF THE DEED**

3.1. This Deed shall be effective as of the Effective Date.

3.2. Except to the extent amended/modified/substituted by this Deed, all the other terms and conditions of the Trust Deed shall remain in full force and effect, unaltered and binding on the Parties thereto.

3.3. This Deed shall form an integral part of the Trust Deed and the Trust Deed shall stand amended/modified to the extent provided herein.

3.4. In case of any conflict between the provisions of this Deed and those contained in the Trust Deed, the provisions of this Deed shall prevail to the extent of conflict.

**IN WITNESS WHEREOF** each of the Parties has caused this Deed to be executed by its duly authorized representative as of the date first written above.

For and on behalf of  
**HSBC Securities and Capital Markets (India) Private Limited**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Authorized Signatory

Date: \_\_\_\_\_

**SIGNED AND DELIVERED** by the  
within named Trustees

**X**

**Mr. Nani Javeri**

Date: \_\_\_\_\_

**X**

**Dr. T. C. Nair**

Date: \_\_\_\_\_

**X**

**Ms. Jasmine Batliwalla**

Date: \_\_\_\_\_

**X**

**Ms. Ho Wai Fun**

Date: \_\_\_\_\_

This Page has been intentionally left Blank

**EXHIBIT 3**  
**POSTAL BALLOT FORM**

Please read the "Notes" and "Instructions" given below before filling up and sending the Postal Ballot Form attached herewith.

**NOTES**

- 1 'Unitholder' means a person holding unit(s) in a scheme of HSBC Mutual Fund as on the record date.
- 2 The postal ballot forms are sent to the unitholders at their addresses registered against their folio/client id.
- 3 All postal ballot forms received after 5.00 pm on the November 21, 2022 will be treated as if reply from such unitholder(s) has not been received.
- 4 Incomplete, unsigned or incorrect postal ballot forms will be rejected. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.

**INSTRUCTIONS FOR VOTING USING THE POSTAL BALLOT FORM**

- 1 A unitholder desiring to exercise his/her vote through postal ballot may complete the attached postal ballot form and send it to the Scrutinizer, appointed by the HSBC Trustees in the attached self addressed postage prepaid business reply envelope.
- 2 The postal ballot form should be completed in all respects and signed by the unitholders.
- 3 In case of joint holding, the postal ballot form should be completed and signed by jointly by all the unitholders (as per specimen signature registered with HSBC Mutual Fund).
- 4 In case of joint holding (either or survivor). the postal ballot form should be completed and signed by either of the unitholders (as per specimen signature registered with HSBC Mutual Fund).
- 5 In case of a HUF, the postal ballot form should be completed and signed by the karta in that capacity under the seal (stamp) of the karta (as per specimen signature registered with HSBC Mutual Fund).
- 6 In case of a partnership firm, the postal ballot form should be completed and signed by the authorised signatory(ies) under the seal (stamp) of the partnership firm as per specimen signature registered with HSBC Mutual Fund).
- 7 In case of companies, trusts, societies, etc., the postal ballot form should be completed and signed by the authorised signatory(ies) under the seal (stamp) of the company, trust, society as the case may be (as per specimen signatory registered with HSBC Mutual Fund).
- 8 Please do not attach with the postal ballot form any other communication. Please do not write any service requests, grievances or complaints, on the postal ballot form. Such communications will not be taken cognisance of.



## EXHIBIT 4

### DETAILS IN RELATION TO CHANGES TO THE SCHEME

**Key Features:**

Description	HSBC Debt Fund (Existing Features)	HSBC Medium to Long Duration Fund (Revised Features)																																
<b>Type of scheme</b>	An open-ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Relatively high interest rate risk and moderate credit risk.	An open-ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. A relatively high interest rate risk and moderate credit risk.																																
<b>Investment Objective</b>	To provide a reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 4 years to 7 years.	To provide a reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 4 years to 7 years.																																
<b>Asset Allocation</b>	<p>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Asset Allocation</th> <th style="text-align: center;">Indicative Allocation (% of net assets)</th> <th style="text-align: center;">Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt &amp; Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Low to Medium</td> </tr> <tr> <td colspan="3">Asset allocation under anticipated adverse situation</td> </tr> <tr> <td>Debt &amp; Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Low to Medium</td> </tr> </tbody> </table> <p>*The Macaulay duration is the weighted average term to maturity of the cash flows from a bond/instrument. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.</p> <p># The fund manager, in the interest of investors, may reduce the portfolio duration up to one year, in case the fund manager has a view on interest rate movements in light of anticipated adverse situation. Hence, Portfolio Macaulay duration under such anticipated adverse situation would be between 1 year to 7 years.</p> <p>Whenever the portfolio Macaulay duration is reduced below the specified floors of 4 years, the AMC shall record the reasons for the same with adequate justification and maintain the same for inspection. The written justifications shall also be placed before the Trustees in the subsequent Trustee meeting.</p> <p>If the Scheme decides to invest in securitized debt, it is the intention of the Investment Manager that such investments will not, normally exceed 50% of the corpus of the Scheme and if the Scheme decides to invest in foreign debt securities, it is the intention of the Investment Manager that such investments will not, normally exceed 25% of the assets of the Scheme.</p> <p>The Scheme shall under normal circumstances not have exposure of more than 50% of its net assets in derivative instruments. Investments in derivatives would be in accordance with the SEBI Regulations.</p> <p>The Scheme may participate in securities lending as permitted under the Regulation</p>	Asset Allocation	Indicative Allocation (% of net assets)	Risk Profile	Debt & Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years	100%	Low to Medium	Asset allocation under anticipated adverse situation			Debt & Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years	100%	Low to Medium	<p>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Instruments</th> <th colspan="2" style="text-align: center;">Indicative Allocation (% of net assets)</th> <th style="text-align: center;">Risk Profile</th> </tr> <tr> <td></td> <th style="text-align: center;">Minimum</th> <th style="text-align: center;">Maximum</th> <td></td> </tr> </thead> <tbody> <tr> <td>Debt &amp; Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Low to Medium</td> </tr> <tr> <td colspan="4">Asset allocation under anticipated adverse situation</td> </tr> <tr> <td>Debt &amp; Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years</td> <td style="text-align: center;">0%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Low to Medium</td> </tr> </tbody> </table> <p>* The Macaulay duration is the weighted average term to maturity of the cash flows from a bond/instrument. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.</p> <p># The fund manager, in the interest of investors, may reduce the portfolio duration up to one year, in case the fund manager has a view on interest rate movements in light of anticipated adverse situation. Hence, Portfolio Macaulay duration under such anticipated adverse situation would be between 1 year to 7 years.</p> <p>Whenever the portfolio Macaulay duration is reduced below the specified floors of 4 years, the AMC shall record the reasons for the same with adequate justification and maintain the same for inspection. The written justifications shall also be placed before the Trustees in the subsequent Trustee meeting.</p> <p>Pending deployment of funds, the Scheme may invest them into deposits of scheduled commercial banks as permitted under the extant Regulations.</p> <p>Investments will be made in line with the asset allocation of the Scheme and the applicable SEBI and/or AMFI guidelines as specified from time to time.</p> <p>The scheme may invest in repo in corporate bonds of public sector or private sector undertakings. The Scheme may also enter into "Repo" and Stock Lending. The Scheme may invest in securitized debt upto 40% of its total assets.</p> <p>The Scheme will not make investments in foreign securities.</p> <p>The Scheme may invest in derivatives up to 50% of the total assets of the Scheme for the purpose of hedging and portfolio balancing purposes. Further, in line with SEBI circular dated September 27, 2017, the scheme is permitted to imperfectly hedge their portfolio or a part of their portfolio by using Interest Rate Futures. These may include instruments such as interest rate swaps, interest rate futures, credit default swaps, forward rate agreements, etc.</p> <p>The Scheme may engage in short selling and securities lending. In this regard, the Scheme may take exposure to securities lending up to 20% of net assets and not more than 5% of the net assets of the Scheme shall be deployed in securities lending to any single counter-party/intermediary.</p> <p>The cumulative gross exposure through, debt, derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, and such other securities/assets as may be permitted by SEBI from time to time, subject to approvals, if any, shall not exceed 100% of the net assets of the Scheme.</p>	Instruments	Indicative Allocation (% of net assets)		Risk Profile		Minimum	Maximum		Debt & Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years	0%	100%	Low to Medium	Asset allocation under anticipated adverse situation				Debt & Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years	0%	100%	Low to Medium
Asset Allocation	Indicative Allocation (% of net assets)	Risk Profile																																
Debt & Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years	100%	Low to Medium																																
Asset allocation under anticipated adverse situation																																		
Debt & Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years	100%	Low to Medium																																
Instruments	Indicative Allocation (% of net assets)		Risk Profile																															
	Minimum	Maximum																																
Debt & Money market instruments such that Macaulay duration* of the portfolio is between 4 years# to 7 years	0%	100%	Low to Medium																															
Asset allocation under anticipated adverse situation																																		
Debt & Money market instruments such that Macaulay duration* of the portfolio is between 1 year# to 7 years	0%	100%	Low to Medium																															

Description	HSBC Debt Fund (Existing Features)	HSBC Medium to Long Duration Fund (Revised Features)
		<p>The scheme may participate in Credit Default Swap (CDS) transactions in line with the guidelines issued by SEBI/RBI from time to time. As per the extant regulatory guidelines, the exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the scheme. The total exposure related to premium paid for all derivative positions, including CDS, shall not exceed 20% of the net assets of the scheme.</p> <p>The scheme may participate in instruments with special features, viz. Additional Tier 1 bonds and Additional Tier 2 bonds, as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated 10th March 2021 and any other guidelines issues by SEBI from time to time. As per the extant regulatory guidelines, the scheme shall not invest –</p> <ol style="list-style-type: none"> <li>more than 10% of its net assets in such instruments; and</li> <li>more than 5% of its net assets in such instruments issued by a single issuer.</li> </ol> <p>The scheme may participate in Structured Obligations/Credit Enhancements as prescribed under SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 and any other guidelines issues by SEBI from time to time. As per extant regulatory guidelines, the scheme shall not invest more than 10% of its net assets in following instruments:</p> <ol style="list-style-type: none"> <li>Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and</li> <li>Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.</li> </ol> <p>Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a 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.</p>
<p><b>Investment Strategy</b></p>	<p>The Scheme aims to provide investors with income, with appropriate liquidity, and therefore will invest in a mix of debt and money market instruments, over varying maturities.</p> <p>The AMC's view of interest rate trends will be reflected in the type and the maturity dates of instruments in which funds are invested. In pursuing such a policy, it should be recognized that the best overall returns are achieved by anticipating or reacting to interest rate changes rather than aiming for the highest possible interest rates at all times.</p> <p>The best resultant overall return is therefore achieved through both capital appreciation and income, which may result in somewhat lower yields than might otherwise normally appear obtainable from the relevant securities. The Scheme aims to provide investors with actively managed portfolios of interest bearing transferable debt and money market instruments.</p> <p>With the aim of controlling risks, rigorous in depth credit evaluation of the instruments proposed to be invested in will be carried out by the Investment Team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as long-term financial health of the issuer. The AMC will also be guided by the ratings of rating agencies such as CRISIL, CARE and ICRA or any other rating agency as approved by the regulators.</p>	<p>The Scheme aims to provide investors with income, with appropriate liquidity, and therefore will invest in a mix of debt and money market instruments, over varying maturities.</p> <p>The AMC's view of interest rate trends will be reflected in the type and the maturity dates of instruments in which funds are invested. In pursuing such a policy, it should be recognized that the best overall returns are achieved by anticipating or reacting to interest rate changes rather than aiming for the highest possible interest rates at all times.</p> <p>The best resultant overall return is therefore achieved through both capital appreciation and income, which may result in somewhat lower yields than might otherwise normally appear obtainable from the relevant securities. The Scheme aims to provide investors with actively managed portfolios of interest bearing transferable debt and money market instruments.</p> <p>With the aim of controlling risks, rigorous in depth credit evaluation of the instruments proposed to be invested in will be carried out by the Investment Team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as long-term financial health of the issuer. The AMC will also be guided by the ratings of rating agencies such as CRISIL, CARE and ICRA or any other rating agency as approved by the regulators.</p>

Description	HSBC Debt Fund (Existing Features)	HSBC Medium to Long Duration Fund (Revised Features)
	<p>In addition, the Investment Team of the AMC will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The AMC would use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.</p> <p>The Fund may invest a part of the portfolio in various debt securities issued by corporates and/or state and central government. Such government securities may include securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by Government of India (GOI)/state government in some other way.</p> <p>Given that the liquidity of fixed income instruments is currently limited, the AMC will try to provide liquidity by staggering maturities for various instruments, as well as holding a sufficient portion of the portfolio in more liquid government and corporate paper as well as money market securities.</p> <p>The Scheme may invest in other Scheme(s) 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. As per the Regulations, no investment management fees will be charged for such investments</p>	<p>In addition, the Investment Team of the AMC will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The AMC would use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.</p> <p>The Fund may invest a part of the portfolio in various debt securities issued by corporates and/or state and central government. Such government securities may include securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by Government of India (GOI)/state government in some other way.</p> <p>Given that the liquidity of fixed income instruments is currently limited, the AMC will try to provide liquidity by staggering maturities for various instruments, as well as holding a sufficient portion of the portfolio in more liquid government and corporate paper as well as money market securities.</p> <p>The Scheme may invest in other Scheme(s) 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. As per the Regulations, no investment management fees will be charged for such investments</p>
<b>Tier 1 Benchmark Index</b>	CRISIL Medium to Long Duration Fund B-III Index	CRISIL Medium to Long Duration Fund B-III Index
<b>Plan / Options / Sub-options</b>	<ul style="list-style-type: none"> <li>● Growth</li> <li>● Income Distribution cum Capital Withdrawal (IDCW) (Re-investment and Payout)</li> </ul>	<ul style="list-style-type: none"> <li>● Growth - Regular Plan and Direct Plan</li> <li>● Income Distribution cum Capital Withdrawal (IDCW) - Re-investment and Payout - Regular Plan and Direct Plan</li> </ul>
<b>Loads (Including SIP / STP where applicable)</b>	<p><b>Entry Load*</b> : Nil <b>Exit Load</b> : Nil</p> <p><i>In terms of SEBI circular no. SEBI/IMD/CIR No.4/168230/09 investor effective August 1, 2009.</i></p>	<p><b>Entry Load*</b> : Nil <b>Exit Load</b> : Nil</p> <p><i>dated June 30, 2009, no entry load will be charged to the</i></p>
<b>Liquidity</b>	<p>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. The Fund will, under normal circumstances, endeavour to despatch redemption proceeds within 1 Business Day.</p> <p>It may be noted that units under Segregated Portfolio, if any, cannot be redeemed or purchased. However, the unit of Segregated Portfolio will be listed on the recognised Stock Exchange.</p>	<p>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. The Fund will, under normal circumstances, endeavour to despatch redemption proceeds within 3 Business Days.</p> <p>It may be noted that units under Segregated Portfolio, if any, cannot be redeemed or purchased. However, the unit of Segregated Portfolio will be listed on the recognised Stock Exchange.</p>
<b>PRC</b>	B III	B III
<b>Segregated Portfolio</b>	Enabled	Enabled (Definition of Credit Event is modified as under to include trigger date for instruments with special features as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated 10th March 2021)
<b>Definition of Credit Event</b>	<p>Credit Event (With respect to creation of a Segregated Portfolio):</p> <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>Downgrade of a debt or money market instrument to 'below investment grade', or</li> <li>Subsequent downgrades of the said instruments from 'below investment grade', or</li> <li>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> <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.</p>	<p>Credit Event (With respect to creation of a Segregated Portfolio):</p> <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>Downgrade of a debt or money market instrument to 'below investment grade', or</li> <li>Subsequent downgrades of the said instruments from 'below investment grade', or</li> <li>Similar such downgrades of a loan rating.</li> <li>Trigger of a pre-specified event for loss absorption in case of debt instruments with special features such as subordination to equity (absorption of losses before equity capital) and/or conversion to equity upon trigger of a pre-specified event for loss absorption.</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> <p>In case of debt instruments with special features mentioned above, if the instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal</p>

Description	HSBC Debt Fund (Existing Features)	HSBC Medium to Long Duration Fund (Revised Features)
		<p>may be treated as the Trigger Date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the Trigger Date.</p> <p>Note: 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.</p>

#### **Risk factors related to investments in Structured Obligations (SO)/Credit Enhancements (CE):**

Structured Obligations (SO) are complex financial instruments issued by entities intending to improve their financing profile with the help of non-conventional financial instruments. Credit Enhancement (CE) rating is assigned by Credit Rating agencies to a debt security based on an identifiable credit enhancement for the security which could be in the form of letter of comfort, guarantee, shortfall undertaking etc. from another entity than the issuer, related or not related to the issuer. CE could additionally include pledging of equity shares listed on a stock exchange with a suitable haircut. Apart from standard risks related to debt instruments, these instruments are further exposed the below risks:

**Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities generally lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is shallow compared to similar rated conventional debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to exit such debt instruments when required and generate liquidity for the scheme or lead to higher impact cost when such instruments are sold impacting portfolio returns.

**Credit Risk:** Securities which have a structure with a guarantee from the corporate/promoter, may see an adverse effect if there are any signs of stress at the promoter/group level, even though the standalone borrowing entity's debt servicing capability and repayments may not see any material impact, from a future cash flow perspective. CEs are exposed to credit risk pertaining not only to the issuer of the security but also to the entity providing the credit enhancement. The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

#### **Risk factors related to debt instruments with special features as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated 10th March 2021**

The scheme may invest in certain debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and/or convertible to equity upon trigger of a pre-specified event for loss absorption including Additional Tier 1 bonds and Tier 2 bonds issued under Basel III framework (known as perpetual debt instruments (PDIs)). PDIs are instruments issued by the borrower to strengthen their capital structure and as the name suggests these instruments do not have a specific maturity date but have an embedded call option instead and maybe less liquid than conventional debt instruments. These bonds are subordinate to all other debt and only senior to equity capital. The issuer may call or redeem the bonds on the call exercise date if they can refinance the issue at a cheaper rate, especially when interest rates are declining. The issuers of such instruments could be Banks, NBFCs and Corporates. PDIs issued by Banks and NBFCs fall under scope of Reserve Bank of India (RBI)'s guidelines for Basel III capital regulations. However, there are no regulatory guidelines for issuance of PDIs by Corporates.

Since PDIs have special features other than usual non-convertible bonds, there are additional risks associated with such instruments which are listed below –

##### **Risk related to coupon servicing –**

**Banks –** As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons. These bonds may not be permitted to pay these coupons if the Bank's financial position improves subsequently (non-cumulative)

**NBFCs –** While NBFCs can defer/postpone payment of coupon in case paying the coupon leads to breach of capital ratios, they also have discretion at all times to cancel payment of coupon.

**Corporates –** Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

##### **Risk of write down or conversion to equity –**

In the event of shortfall in maintenance of capital adequacy ratios and/or Point of Non Viability Trigger (PONV – a point defined by RBI when a bank is deemed to have become non-viable unless appropriate measures are taken to revive its operations or infusion of public sector capital), PDIs issued by Banks could be written down or converted to common equity. This risk does not exist in case of PDIs issued by NBFCs and Corporates.

##### **Risk of call option not exercised by the issuer –**

**Banks and NBFCs –** The issuing Banks and NBFCs have an option to call back the instrument after minimum period as per the regulatory requirement from the date of issuance and specified period thereafter, subject to meeting the RBI guidelines. However, if the issuer does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date and hence maybe exposed valuation impacts.

**Corporates –** Unlike Banks and NBFCs there is no minimum period for call date for Corporate issuers. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date and hence maybe exposed to valuation impacts.

**Risk Mitigation –** The Scheme will not invest more than 10% of the NAV of the scheme in such instruments and will limit exposure to 5% of the NAV of the Scheme for such instruments issued by a single issuer.

**EXHIBIT 5**

**Redemption Request Form from Existing Investors**



Please complete all sections in English. For legibility, please use BLOCK LETTERS in black or dark ink

Date

**1 UNITHOLDER INFORMATION**

<b>Name of Sole/1st Unit Holder</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Folio No.</b>	<input type="text"/>	<b>Mobile No. +91-</b>	<input type="text"/>
<b>KYC Identification No. (KIN) ††</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>PAN (Mandatory)** Enclosed (✓)</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Date of Birth ††</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>E-mail ID</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Please enclose copies of KYC acknowledgement letters for all applicants.

†† W.e.f. January 1, 2011, all the applicants need to be KYC Compliant irrespective of the amount invested (including switch). W.e.f January 1, 2012, applicants who are not KYC compliant are required to complete the uniform KYC process.

\*\* W.e.f. January 1, 2008, PAN number is Mandatory for all investors (including Joint Holders, POA holder, Guardian in case of Minor and NRIs).

W.e.f February 1, 2017, 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 REDEMPTION (Please ✓ your choice of Scheme / Plan / Option / Sub-option)**

<b>Scheme</b>	<input type="text" value="HSBC"/>	<b>Plan</b>	<input type="text"/>
<b>Option</b>	<input type="checkbox"/> Regular	<input type="checkbox"/> Direct	<input type="checkbox"/> _____
<b>Option / Sub-option</b>	<input type="checkbox"/> Growth (default)	<input type="checkbox"/> Reinvestment of IDCW	<input type="checkbox"/> Payout of IDCW
<b>IDCW Frequency</b>	<input type="checkbox"/> Daily	<input type="checkbox"/> Weekly	<input type="checkbox"/> Fortnightly <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Half Yearly <input type="checkbox"/> Yearly
<input type="checkbox"/> Amount (₹ in figures)	<input type="text"/>	<b>OR</b>	<input type="checkbox"/> No. of Units <input type="text"/> <input type="checkbox"/> All Units
<b>Legal Entity Identifier (LEI)</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Note: IDCW stands for 'Income Distribution cum Capital Withdrawal option'.

**3 BANK DETAILS FOR THE ABOVE REDEMPTION**

For the new bank account registration investor needs to submit change of bank mandate which will be processed with cooling period of 10 calendar days.

**FOR INVESTORS WHO HAVE REGISTERED FOR MULTIPLE BANK ACCOUNTS FACILITY**

The redemption should be processed into the following registered bank account as per the payout mechanism indicated by me/us:

<b>Bank A/C No</b>	<input type="text"/>	<b>A/c. Type (✓)</b>	<input type="checkbox"/> Current <input type="checkbox"/> Savings <input type="checkbox"/> NRO <input type="checkbox"/> NRE <input type="checkbox"/> Others _____
<b>Bank Name</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>MICR Code</b>	<input type="text"/>	<b>NEFT IFSC Code</b>	<input type="text"/>

**4 DECLARATION AND SIGNATURES (In case of joint holding, signatures of all unit holders are mandatory)**

The Trustees, HSBC Mutual Fund

Having read and understood the contents of the Scheme Information Document, Key Information Document, Statement of Additional Information and Addenda of the Scheme(s) issued till date, I/We hereby apply to the Trustees of HSBC Mutual Fund for units of the relevant Scheme and agree to abide by the terms, conditions, rules and regulations of the Scheme and the above mentioned documents of HSBC Mutual Fund. I/We hereby authorise HSBC Mutual Fund, the AMC and its Agents to disclose my/our details including investment details to my/our bank(s)/HSBC Mutual Fund's Bank(s) and/or Distributor/Broker/Investment Advisor and to verify my/our bank details provided by me/us, or to disclose to such other service providers as deemed necessary for conduct of business. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/We would not hold the Fund, the AMC, its service providers or representatives responsible. I/We will also inform the AMC, about any changes in my/our bank account.

I/We confirm that the details provided by me/us are true and correct. I/we should seek tax advice on the specific tax implications arising out of my/our participation in the Scheme.

I/We confirm that I am/We are not United States person(s) under the laws of United States or resident(s) of Canada. In case of change to this status, I/We shall notify the AMC, in which event the AMC reserves the right to redeem my/our investments in the Scheme(s). I/We confirm that primary email ID provided belongs to self or a family member.

We confirm that we have not issued any bearer shares or share warrants. We also confirm that we will inform the AMC if bearer shares or share warrants are issued subsequently.

<b>X</b>	<b>X</b>	<b>X</b>
<b>Sole/First Applicant/Guardian</b>	<b>Second Applicant</b> <i>(Not applicable if first applicant is minor)</i>	<b>Third Applicant</b> <i>(Not applicable if first applicant is minor)</i>

**ACKNOWLEDGEMENT SLIP (To be filled by the investor)**

Received from : Name

Folio No.  Mobile No:

Scheme Name:  Plan / Option

Request submitted for

**Redemption** Amount (₹)  **OR**  No. of Units   All Units

Subject to further verification and furnishing of mandatory information/ documents. Please retain this slip until processed



ISC Stamp, Signature & Date

---

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

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

**Tel. :** 1800-200-2434 / 1800-258-2434 OR +91 44 39923900 to connect to our customer care centre. **Fax :** 022-49146033

---

#### **CALL US AT**

##### **HSBC MUTUAL FUND INVESTOR SERVICE CENTRES:**

● **Ahmedabad :** Mardia Plaza, CG. Road, Ahmedabad - 380 006. ● **Bengaluru :** No. 7, HSBC Center, M.G. Road, Bengaluru - 560 001. ● **Chandigarh:** SCO 1, Sector 9 D, Chandigarh - 160 017. ● **Chennai :** No. 30, Rajaji Salai, 2nd Floor, Chennai - 600 001. ● **Hyderabad :** 6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082. ● **Kolkata :** 31 BBD Bagh, Dalhousie Square, Kolkata - 700 001. ● **Mumbai :** 52/60 Mahatma Gandhi Road, Fort, Mumbai 400001. ● **New Delhi :** Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001. ● **Pune :** Amar Avinash Corporate City, Sector No. 11, Bund Garden Road, Pune - 411 001.

**Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) AND Investors calling from abroad may call on - +91 44 39923900 to connect to our customer care centre.**



Contact us at

[hsbcmf@camsonline.com](mailto:hsbcmf@camsonline.com)



Visit us at

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