

# Product Note

## HSBC Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

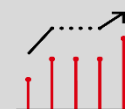
September 2026



**5.97%**  
CAGR since inception\* 2



**2.0X**  
since inception\* 2



**Rs. 20,99,936**  
Value of SIP investment  
Rs. 10,000 p.m. since  
Inception\* 3



**Rs. 2,02,730**  
Value of Lump Sum  
Investment Rs. 1,00,000  
since inception\* 2

### Why HSBC Arbitrage Fund

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



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



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



### Key Facts

|                              |                                                       |
|------------------------------|-------------------------------------------------------|
| <b>Fund Manager</b>          | Praveen Ayathan, Mahesh Chhabria and Mohd. Asif Rizwi |
| <b>Benchmark<sup>1</sup></b> | Nifty 50 Arbitrage Index                              |
| <b>Inception Date</b>        | 30 June 2014                                          |
| <b>AUM<sup>2</sup></b>       | Rs. 3,288.17 cr.                                      |

<sup>1</sup> As per clause 7.22 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 on Benchmarks for Mutual Fund Schemes' has two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark.

<sup>2</sup> As on 31 August 2026 of Growth option regular plan. During the same period, scheme benchmark (Nifty 50 Arbitrage Index) has moved by 2.0X to Rs. 2,01,030 from Rs. 100,000 and delivered return of 5.90%. Please refer detailed performance of HSBC Arbitrage Fund. <sup>3</sup> During the same period, value of scheme benchmark (Nifty 50 Arbitrage Index) has moved to Rs. 21,22,443.

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

| Portfolio                           | % to Net Assets | % to Net Assets(Hedged) | % to Net Assets(Unhedged) | Industry - Allocation        | % to net assets |
|-------------------------------------|-----------------|-------------------------|---------------------------|------------------------------|-----------------|
| HDFC Bank Limited                   | Banks           | 4.95%                   | 4.95%                     | Banks                        | 25.07%          |
| Steel Authority of India Limited    | Ferrous Metals  | 3.92%                   | 3.92%                     | Internal - Mutual Fund Units | 17.69%          |
| ICICI Bank Limited                  | Banks           | 3.91%                   | 3.91%                     | Debt Instrument              | 10.36%          |
| Canara Bank                         | Banks           | 3.52%                   | 3.52%                     | Ferrous Metals               | 6.14%           |
| Bandhan Bank Limited                | Banks           | 2.78%                   | 2.78%                     | Finance                      | 4.73%           |
| Adani Power Limited                 | Power           | 2.66%                   | 2.66%                     | Power                        | 4.46%           |
| Yes Bank Ltd                        | Banks           | 2.12%                   | 2.12%                     | Consumer Durables            | 3.25%           |
| Punjab National Bank                | Banks           | 1.81%                   | 1.81%                     | Telecom - Services           | 2.39%           |
| Godrej Properties Limited           | Realty          | 1.67%                   | 1.67%                     | Insurance                    | 2.34%           |
| HDFC Life Insurance Company Limited | Insurance       | 1.66%                   | 1.66%                     | Capital Markets              | 2.17%           |

### Investment Objective

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

### Market Capitalisation

#### Month End Base Expenses Ratios (Annualized)<sup>4</sup>

|                      |                          |
|----------------------|--------------------------|
| Plan                 | Base Expense Ratio (BER) |
| Regular <sup>5</sup> | 0.75%                    |
| Direct               | 0.22%                    |

|           |        |
|-----------|--------|
| Large Cap | 42.08% |
| Mid Cap   | 18.71% |
| Small Cap | 9.53%  |
| Debt      | 29.68% |

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

Fund Manager - Praveen Ayathan Effective 30 Jun 2014. Total Schemes Managed – 5, Fund Manager - Mahesh Chhabria Effective 15 Jul 2023. Total Schemes Managed – 14; Fund Manager - Mohd Asif Rizwi Effective 01 Feb 2025. Total Schemes Managed - 15

| Lump Sum Investment Performance                   |              |           |              |           |              |           |              |           |                 |           | Inception<br>Date |
|---------------------------------------------------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|-----------------|-----------|-------------------|
| Fund / Benchmark<br>(Value of Rs 10,000 invested) | 1 Year       |           | 3 Years      |           | 5 Years      |           | 10 Years     |           | Since Inception |           |                   |
|                                                   | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs | Returns % | Amount in Rs    | Returns % |                   |
| HSBC Arbitrage Fund – Regular Plan~               | 10589        | 5.85      | 12110        | 6.58      | 13287        | 5.85      | 17383        | 5.68      | 20273           | 5.97      | 30-Jun-14         |
| Scheme Benchmark (Nifty 50 Arbitrage Index)       | 10706        | 7.02      | 12405        | 7.44      | 13727        | 6.54      | 17233        | 5.59      | 20103           | 5.90      |                   |
| Additional Benchmark (Nifty 50 TRI)               | 9965         | -0.35     | 12951        | 8.99      | 14915        | 8.32      | 30930        | 11.95     | 36703           | 11.27     |                   |
| HSBC Arbitrage Fund – Direct Plan~                | 10646        | 6.43      | 12340        | 7.25      | 13722        | 6.53      | 18484        | 6.33      | 21846           | 6.63      | 30-Jun-14         |
| Scheme Benchmark (Nifty 50 Arbitrage Index)       | 10706        | 7.02      | 12405        | 7.44      | 13727        | 6.54      | 17233        | 5.59      | 20103           | 5.90      |                   |
| Additional Benchmark (Nifty 50 TRI)               | 9965         | -0.35     | 12951        | 8.99      | 14915        | 8.32      | 30930        | 11.95     | 36703           | 11.27     |                   |

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

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

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

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

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

**Past performance may or may not be sustained in future and is not a guarantee of any future returns.** For SIP returns, monthly investment of Rs. 10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. Load is not taken into consideration.

Mayank Chaturvedi shall be the fund manager for investments in foreign securities (wherever applicable) for all the schemes of HSBC Mutual Fund. w.e.f. October 01, 2025.

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

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

## Product Label

| Scheme name and Type of scheme                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Scheme Risk-o-meter                                                                                                           | Benchmark Risk-o-meter (as applicable)                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>HSBC Arbitrage Fund</b></p> <p>(An open ended scheme investing in arbitrage opportunities. No investment in InvITs is permitted.)</p> <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Generation of reasonable returns over short to medium term</li> <li>• Investment predominantly in arbitrage opportunities in the cash and derivatives segments of the equity markets; and debt and money market instrument.</li> </ul> |  <p>The risk of the scheme is Low Risk</p> | <p>As per AMFI Tier I Benchmark i.e. <b>Benchmark Index: Nifty 50 Arbitrage Index</b></p>  <p>The risk of the benchmark is Low Risk</p> |

\* 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 August 2026, Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme

**Note :** Please refer to Scheme Information Document for more details on Asset Allocation of the scheme.

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

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