

## Product Note

### HSBC Arbitrage Fund (HATF)

(An open ended scheme investing in arbitrage opportunities)

May 2026

| Fund Category  | Fund Manager  | Benchmark <sup>1</sup>   | Inception Date* | AUM <sup>&amp;</sup> |
|----------------|---|--------------------------|-----------------|----------------------|
| Arbitrage Fund | Praveen Ayathan, Mahesh Chhabria and Mohd. Asif Rizwi | Nifty 50 Arbitrage Index | 30 June 2014    | Rs. 2,532.45 Cr      |

| Portfolio                        | % to Net Assets | % to Net Assets(Hedged) | % to Net Assets(Unhedged) | Industry - Allocation           | % to net assets |
|----------------------------------|-----------------|-------------------------|---------------------------|---------------------------------|-----------------|
| ICICI Bank Limited               | 6.03%           | 6.03%                   | 0.00%                     | Banks                           | 27.06%          |
| HDFC Bank Limited                | 5.99%           | 5.99%                   | 0.00%                     | Internal - Mutual Fund Units    | 19.52%          |
| Steel Authority of India Limited | 3.81%           | 3.81%                   | 0.00%                     | Finance                         | 5.83%           |
| RBL Bank Limited                 | 3.03%           | 3.03%                   | 0.00%                     | Ferrous Metals                  | 5.68%           |
| Godrej Properties Limited        | 2.58%           | 2.58%                   | 0.00%                     | Debt Instrument                 | 5.68%           |
| Bandhan Bank Limited             | 2.53%           | 2.53%                   | 0.00%                     | Realty                          | 4.31%           |
| NMDC Limited                     | 2.52%           | 2.52%                   | 0.00%                     | Power                           | 2.78%           |
| Jio Financial Services Limited   | 1.88%           | 1.88%                   | 0.00%                     | Pharmaceuticals & Biotechnology | 2.72%           |
| Axis Bank Limited                | 1.85%           | 1.85%                   | 0.00%                     | Minerals & Mining               | 2.52%           |
| ITC Limited                      | 1.81%           | 1.81%                   | 0.00%                     | Reverse Repos/TREPS             | 2.45%           |

Arbitrage in simple terms means taking advantage of price differential between different markets for the same commodity. In financial markets, this translates into entering into trading positions in the same security through different market segments.

### Fund Approach

- 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.

### 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.

**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)

#### Month End Total Expenses Ratios (Annualized)<sup>2</sup>

| Plan                 | Base Expense Ratio (BER) | Total Expense Ratio (TER) |
|----------------------|--------------------------|---------------------------|
| Regular <sup>3</sup> | 0.75%                    | 2.32%                     |
| Direct               | 0.22%                    | 1.70%                     |

<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 introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark.

<sup>2</sup> TER Annualized TER including GST on Investment Management Fees. <sup>3</sup> Continuing plans

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

**Note:** 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).

Source – HSBC Mutual Fund, Data as of 30 April 2026. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

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

SEBI Registered Name/Number-HSBC Mutual Fund/MF/046/02/5

## Why HSBC Arbitrage Fund?

- Enters into simultaneous transactions of a long position in cash and exactly offsetting short position in futures.
- Equity position is completely hedged at trade initiation.
- Towards the expiry or before the expiry of the derivatives contract, the positions are reversed or rolled over.

## Market Actions & Overview

- The average roll spreads captured this month was 7.30% annualized.
- Allocation towards hedged equities is at 71.61.
- Before start of roll week roll spreads were at 60-61 bps. During the rollover week levels were stable at 55-56 bps levels but dropped to 50 bps by the end of week.
- The rolls closed back at 55-56 bps levels in the second half of the expiry day with some good volumes.
- NSE NIFTY increased 7.5% in Apr'26 (MTD) – after decreasing by 11.3% in Mar'26.
- This month to date, FIIs have sold equities more than \$6 bn. In Mar'26 FIIs sold \$14.2 bn in cash.
- AUM of Arbitrage Funds increased compared to previous expiry (Rs 3,28,842 crs vs Rs 3,16,136 crs).
- This month median roll basis was lower than previous expiry, 56 bps vs 59 bps previous month.

## Market Movements

- Markets saw a sharp recovery this month with the pace of FII selling reducing.
- Goods trade deficit reduced to \$21 bn (vs \$27 bn in Feb-26) and was much lower than estimated (est: \$28 bn).
- The fall was primarily due to a steep decline in gold (\$3.1 bn; -59% MoM) and silver (\$0.6 bn; -63% MoM) imports, with prices falling heavily due to the Middle East conflict.
- Headline CPI inflation rose to 3.4% in Mar-26 (prior: 3.21%), with food inflation picking up further to 3.86% YoY (prior: 3.47%), as favorable base effects fade. Monthly momentum picked up to 0.3% MoM (prior: 0.1%).
- RBI expectedly held rates on 08 Apr (at 5.25%) with a neutral stance and cautious tone, flagging prolonged ME conflict could transmit supply shocks into demand pressures.
- The outlook now appears unbalanced—growth risks skewed to the downside (FY27: 6.9%) and inflation risks to the upside (4.6%), lending a mild stagflationary bias.

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Source – Bloomberg, HSBC Mutual Fund

**Note** – Details provided above is as on 30 April 2026 or as latest available. Views provided above are based on information available in public domain at this moment and subject to change. Investors should not consider the same as investment advice. Please consult your financial advisor for all your investment decision.

Note : Fund Manager manages the Fund as per prevailing Market condition. The above philosophy shall not be treated as investment strategy which is subject to Market condition at a given point of time.

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## Global Markets

- Global equity markets around the world have been bullish this month.
- The FED is expected to keep its overnight rate unchanged at the conclusion of its policy meeting on April 28-29, which could also be Jerome Powell's last as Fed chair.
- FOMC minutes - from the March 17-18 meeting - released on 08 April sprung no surprise, though, the consensus seems to be emerging that the move to the 2% inflation target would be slower than expected and risk of inflation running persistently above the Committee's objective has increased.
- In the US, consumer prices spiked in March as the Iran war sent energy costs soaring and took the Federal Reserve further from its inflation target.
- The CPI increased a seasonally adjusted 0.9% for the month, putting the annual inflation rate at 3.3%, pushed by a 10.9% surge in energy costs. Both numbers were in line with the Dow Jones consensus. The annual rate was the highest since April 2024 and up from 2.4% in February.
- In the US, all the 3 three major indices are trading positive this month (MTD) – NASDAQ having increased the most, by 14%.
- US10YR was trading higher as compared to the previous month 4.35 % vs 4.31% (Mar'26).
- US Dollar Index decreased compared to last month: 98.6 vs 99.9 (Mar'26).
- Crude prices were very volatile this month and dropped as low as \$86/bbl on 17 Apr from \$118/bbl seen on 31 Mar, however settled at \$104.7/bbl.

## Key Triggers :

- Results of West Bengal, Kerala, Tamil Nadu
- Developments around war, Oil and other commodity prices
- US FOMC outcome on 29th April
- Remainder of Q4 result updates
- Commentary on Monsoon predictions

The below table indicates the approximate average spread of arbitrage position and does not in any manner indicates any return potential of the scheme. Investors should not consider below as investment advice or recommendation. Past performance may or may not be sustained in future.

| Series (Month) | ~ Roll Spreads (Annualised) |
|----------------|-----------------------------|
| Apr '26        | 7.30%                       |
| Mar '26        | 7.39%                       |
| Feb'26         | 6.77%                       |
| Jan' 26        | 6.91%                       |
| Dec'25         | 8.39%                       |
| Nov'25         | 7.10%                       |
| Oct'25         | 7.43%                       |
| Sep'25         | 6.96%                       |
| Aug'25         | 6.31%                       |
| July'25        | 6.92%                       |
| June'25        | 6.59%                       |
| May'25         | 7.23%                       |

HSBC Arbitrage Fund (HATF) | Product Note  
[May 2026]

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

| Lump Sum Investment Performance                   |              |           |              |           |              |           |              |           |                 |           | Inception Date |
|---|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|-----------------|-----------|----------------|
| Fund / Benchmark<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~               | 10583        | 5.83      | 12173        | 6.75      | 13235        | 5.76      | 17449        | 5.72      | 19900           | 5.98      | 30-Jun-14      |
| Scheme Benchmark (Nifty 50 Arbitrage Index)       | 10700        | 7.00      | 12457        | 7.58      | 13655        | 6.42      | 17240        | 5.59      | 19675           | 5.88      |                |
| Additional Benchmark (Nifty 50 TRI)               | 9972         | -0.28     | 13753        | 11.18     | 17382        | 11.69     | 34537        | 13.18     | 36298           | 11.50     |                |
| HSBC Arbitrage Fund – Direct Plan~                | 10641        | 6.41      | 12406        | 7.43      | 13670        | 6.45      | 18553        | 6.37      | 21399           | 6.64      | 30-Jun-14      |
| Scheme Benchmark (Nifty 50 Arbitrage Index)       | 10700        | 7.00      | 12457        | 7.58      | 13655        | 6.42      | 17240        | 5.59      | 19675           | 5.88      |                |
| Additional Benchmark (Nifty 50 TRI)               | 9972         | -0.28     | 13753        | 11.18     | 17382        | 11.69     | 34537        | 13.18     | 36298           | 11.50     |                |

**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 April 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  | 1420000         |                           |
| Market Value as on 30 April 2026(₹)                     | 123,792 | 396,946 | 703,838 | 2,021,606       |                           |
| Scheme Returns (%)                                      | 5.96    | 6.47    | 6.33    | 5.78            |                           |
| Nifty 50 Arbitrage Index - Scheme Benchmark (₹)         | 124,446 | 402,429 | 717,806 | 2,037,638       |                           |
| Nifty 50 Arbitrage Index - Scheme Benchmark Returns (%) | 7.00    | 7.39    | 7.12    | 5.91            |                           |
| Nifty 50 TRI - Additional Benchmark (₹)                 | 116,016 | 386,094 | 740,183 | 2,999,169       |                           |
| Nifty 50 TRI - Additional Benchmark Returns (%)         | -6.14   | 4.61    | 8.34    | 11.98           |                           |

| 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  | 1420000         |                           |
| Market Value as on 30 April 2026(₹)                     | 124,114 | 400,737 | 715,703 | 2,106,261       |                           |
| Scheme Returns (%)                                      | 6.47    | 7.11    | 7.00    | 6.44            |                           |
| Nifty 50 Arbitrage Index - Scheme Benchmark (₹)         | 124,446 | 402,429 | 717,806 | 2,037,638       |                           |
| Nifty 50 Arbitrage Index - Scheme Benchmark Returns (%) | 7.00    | 7.39    | 7.12    | 5.91            |                           |
| Nifty 50 TRI - Additional Benchmark (₹)                 | 116,016 | 386,094 | 740,183 | 2,999,169       |                           |
| Nifty 50 TRI - Additional Benchmark Returns (%)         | -6.14   | 4.61    | 8.34    | 11.98           |                           |



**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.

Source: HSBC Mutual Fund, data as on 30 April 2026

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

## 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)</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.<br/><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 30 April 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 30 April 2026

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HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.  
GST - 27AABCH0007N1ZS, Email: [investor.line@mutualfunds.hsbc.co.in](mailto:investor.line@mutualfunds.hsbc.co.in) | Website: [www.assetmanagement.hsbc.co/in](http://www.assetmanagement.hsbc.co/in)

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