



HSBC Business Cycles Fund

An open ended equity scheme following business cycles based investing theme.

Abridged Annual Report 2024 - 2025



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

M S K A & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF DIRECTORS OF HSBC TRUSTEES (INDIA) PRIVATE LIMITED

Ms. Jasmine Batliwalla (DIN : 00340273)	– Director (Independent)
Mr. Nani Javeri (DIN : 02731854)	– Director (Independent)
Mr. David Rasquinha (DIN : 01172654)	– Director (Independent)
Mr. Nicolas Moreau (DIN : 00478542)	– Director (Associate)

BOARD OF DIRECTORS OF HSBC ASSET MANAGEMENT (INDIA) PRIVATE LIMITED

Dr. Indu Shahani (DIN : 00112289)	– Director (Independent)
Mr. Kapil Seth (DIN : 03596866)	– Director (Independent)
Ms. Roopa Varma (DIN : 09779388)	– Director (Associate)
Mr. Kailash Kulkarni (DIN : 07242982)	– Whole time Director (Associate)

Dear Investor,

FY2024–25 was a defining year – one that reflected the maturing confidence of Indian investors and the evolving depth of our mutual fund industry. With shifting global dynamics, resilient domestic consumption and a strong digital push, this year reinforced the importance of disciplined investing and long-term financial planning. Against this backdrop, our company has stayed focused on its core purpose: to enable investors to make informed choices and grow their wealth through trusted, well-managed investment solutions.

India's MF story accelerates

The Indian mutual fund industry recorded its strongest growth yet in financial year 2024-25, with assets under management (AUM) surging 23.11% to an all-time high of Rs 65.74 lakh crore as of March 2025.

Retail investor participation soared in FY25, with the number of mutual fund folios rising 32% year-on-year to 23.45 crore. Systematic investment plans (SIPs) played a central role in driving investor engagement. Annual SIP contributions jumped 45.24% to Rs 2.89 lakh crore.

Overall, the mutual fund industry's performance in FY25 underscores its strength and long-term potential highlighting the sustained participation of retail investors and the shift towards long-term financial behaviour.

Indian markets: Resilience amid global uncertainty

In FY2024-25, Indian markets continued to shine as a beacon of resilience amid ongoing global economic uncertainties. Key benchmark indices scaled fresh highs during the year, underscoring investor confidence in India's macroeconomic stability and long-term growth potential. India remained a preferred destination for both domestic and foreign investors. Structural reforms, government-led production incentives and strategic trade policies have further opened up diverse investment opportunities across sectors such as manufacturing, infrastructure and digital technology.

The mutual fund industry also registered robust growth buoyed by a sustained equity rally and rising investor awareness. A notable trend was the increasing participation from younger investors—millennials and Gen Zs—who continued to adopt mutual funds as a key investment vehicle to combat inflation and build long-term wealth. Despite intermittent market volatility, this shift towards disciplined investing signals a maturing investor base that is looking beyond short-term returns and embracing goal-based financial planning.

Key achievements in FY2024-2025

Investment Performance: Our disciplined strategy and strong research capabilities helped grow our AUM and led couple of our funds to key milestones. Supported by experienced fund managers and well embedded investment philosophy, our funds delivered robust performance across categories. Our proprietary framework ensures we stay focused on helping investors achieve their goals.

Product Innovation: In FY25, we launched two new funds – HSBC Financial Services Fund and HSBC India Export Opportunities Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.



Increased Media Presence: In FY25, we significantly enhanced our media presence, ensuring that our brand and thought leadership were visible across a wide range of platforms. Through strategic media engagements with different publications, we strengthened our visibility. Additionally, our participation in various talk shows, authored articles and interviews helped amplify our message, broaden our audience reach and reinforce our market position.

Successful Campaign Launch: Building on the momentum of last year's successful campaign *SIP Hai #FaydeWaliAadat*, we continued our focus on investor education through multiple impactful initiatives. We unveiled *Apne #SIPKoDoPromotion*, a one of its kind digital campaign to educate investors on SIP Top-up.

We also rolled out thematic campaigns such as 'Women and Investing', aimed at encouraging financial independence among women; sports-led campaigns like 'Cricket & Investing', which helped simplify investment concepts through relatable analogies; and 'ELSS Sahi Hai', an awareness drive around the benefits of ELSS for tax-saving and long-term wealth creation. Each of these initiatives was designed to engage diverse investor segments while reinforcing our commitment to making investing accessible, informed and goal-oriented.

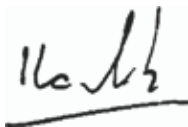
Client Relationships: We have strengthened our client relationships through enhanced communication, transparency and personalized service. Our client satisfaction scores and Net Promoter Score (NPS) have increased over the past year, reflecting our ongoing commitment to exceptional service.

Conclusion

From my perspective, the past year has once again underscored the critical role of asset allocation and disciplined investing specially in uncertain times. As global uncertainties continue to unfold and drive market volatility, maintaining right asset allocation becomes even more essential. It enables investors to manage risk effectively, stay resilient through market cycles and remain aligned with their financial goals.

At HSBC Mutual Fund, our endeavor is to help investors stay the course guided by a long term and balanced approach. Looking ahead, we remain committed to empowering our investors through research driven strategies, timely insights and educational resources. Stay connected with us through our digital platforms and continue engaging with our growing community of informed investors. We at HSBC Mutual Fund, always believe that it is your dreams we care for by nurturing your investments. Thank you for the trust you have bestowed upon us.

Warm regards,



Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2025

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Third Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2025.

The Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2025, was INR 115,052.23 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India, in terms of AUM.

As at March 31, 2025, the Fund offered 45 schemes across asset classes, to offer a broad product suite to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC India Export Opportunities Fund and HSBC Financial Services Fund in the Equity category.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) for the financial year April 01, 2024 – March 31, 2025 (FY 24-25) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents, after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on the Fund's website at www.assetmanagement.hsbc.co.in.

SEBI, vide its letter dated May 03, 2024, has accorded no objection to HSBC Asset Management (India) Private Limited ('the AMC') to undertake Alternate Investment Funds (AIF) activity under the SEBI (Alternate Investment Funds) Regulations, 2012. SEBI, vide its letter dated October 03, 2024 has also accorded no objection to the AMC for setting up of a wholly owned subsidiary in the International Financial Services Centre, Gujarat International Finance Tee-City ('GIFT City') to undertake activities as permitted under Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996, and provide non-binding advisory services to the subsidiary. for its GIFT City AIF activity.

I. SCHEME PERFORMANCE, MARKET OUTLOOK, AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

HSBC Business Cycles Fund ('HBCF')

(Theme based Fund - An open-ended equity scheme following business cycles based investing theme)

The investment objective of the scheme is to seek to generate long-term capital appreciation from a portfolio of predominantly equity and equity related securities, including equity derivatives, in the Indian market with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy. The scheme could also additionally invest in Foreign Securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HBCF amounted to INR 967.37 crores as at March 31, 2025 as against INR 764.45 crores as at March 31, 2024. Around 97.24% of the net assets were invested in equities, 2.83% of the net assets were invested in reverse repos/TREPS and (0.07) % in net current assets as at March 31, 2025.

The scheme being a thematic equity fund invests predominantly in equity and equity related securities that focuses on riding business cycles through dynamic allocation between cyclical and defensive sectors and stocks at different stages of business cycles in the economy.

HBCF outperformed over the 1, 3, 5-year periods and also since inception period. The outperformance has primarily been achieved due to the superior stock selection. The portfolio being overweight in Industrial, Discretionary and Materials sectors contributed to the scheme's outperformance. Within the Industrial sector, the scheme's overweight position in Defence, Power, EPC space were the key drivers for outperformance. Financial sector has been another key contributor during the year. Stock selection in Banks and Exchanges further contributed to the outperformance in the Financial sector.

As at March 31, 2025, HBCF was overweight in the Industrials, Materials, Discretionary and Financials sectors.

Trustees’ Report
For the year ended March 31, 2025 (Contd...)

HSBC Business Cycles Fund				Date of Inception : 20 August, 2014				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Business Cycles Fund – Regular Plan	11348	13.48	17144	19.72	36174	29.36	38916	13.66
HSBC Business Cycles Fund – Direct Plan	11472	14.72	17705	21.02	38135	30.73	42684	14.66
Scheme Benchmark (Nifty 500 TRI)	10637	6.37	14761	13.89	32055	26.27	37850	13.36
Additional Benchmark (Nifty 50 TRI)	10665	6.65	13956	11.77	28957	23.72	33868	12.18

Past performance may or may not be sustained in future. The returns for the respective periods are provided for Growth Options of Regular and Direct Plans. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI). Returns for schemes where benchmark indices were not available as on March 31, 2025, have been calculated as on the last business day of the month, i.e. March 28, 2025.

Risk-o-meter as of 31st March, 2025:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Business Cycles Fund		

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2025.

II. MARKET OVERVIEW & OUTLOOK (AS FURNISHED BY HSBC ASSET MANAGEMENT (INDIA) PRIVATE LIMITED)

➤ EQUITY OUTLOOK

Recap of FY 2024-25:

After a stellar FY24, FY25 was a much more tumultuous year for the equity market. It can clearly be described as a tale of two halves, where the market despite the election hiccup rose steadily in the first half till September 2024. However, the markets suffered a significant correction in the second half on the back of heavy FII selling, significant capital raising activity, growth slowdown concerns in India and rising geopolitical concerns on account of potential US tariffs under the new administration. Driven by the sharp correction since October 2024, Sensex/Nifty returned a modest 5% return during FY25. The broader market represented by NSE Midcap and BSE Small cap Index closed FY 25 with an 8% gain.

While geo-political conflicts continued in FY25, their impact on crude and global supply chains moderated. Crude price corrected in the first half of the year. Inflation saw some upward pressure during the middle of the year due to high food inflation, which led RBI to resist cutting rates till the last quarter. The economy saw some slowdown in growth momentum impacted also by the slowdown in government spending pre and post elections. However, growth has started to recover in H2FY25, with better agriculture growth and a

Trustees' Report

For the year ended March 31, 2025 (Contd...)

pickup in investments. Consumer demand trends have been mix with softer urban demand offset to some extent by better rural demand.

Sectoral trend in terms of returns were quite divergent. Healthcare was the best performing sector during the year followed by Banks both delivering double digit returns. Metals also outperformed the Nifty. IT, FMCG and Capgoods were also positive for the year but underperformed the Nifty. However, Power and Autos delivered minor negative returns while Realty was the worst performing sector for the year.

MSCI India Index underperformed most global indices during the past fiscal. MSCI India index (USD) gained 1.6% as compared to 5.6% gain for MSCI World, 6.8% for US S&P 500, 4.1% for MSCI Europe and 5.6% for MSCI Emerging Markets as MSCI China rose a whopping 36.4% over the period.

During FY25, DII's invested US\$71.6bn with MFs investing US\$55bn (vis-à-vis US\$24bn in FY24) while Insurance also contributed US\$16.6bn (vis-à-vis only US\$1bn in FY24), while FII's withdrew US\$15.6bn from the Indian market versus an inflow of US\$25bn in FY24. Growth concerns and high valuations in India and expectations of strong improvement in China drove the outflow. This was followed by further outflow due to geo-political and tariff concerns later in the year.

Source: Motilal Oswal

Indices Returns (April 01, 2024 to March 31, 2025)	1 Year [^]
S&P BSE Sensex TR	6.4%
NSE CNX Nifty TR	6.7%
S&P BSE 100 TR	5.5%
S&P BSE 200 TR	6.2%
S&P BSE 500 TR	6.0%
S&P NSE Midcap TR	8.2%
S&P BSE Small-cap TR	8.7%

[^] Source: Bloomberg (Above table values are for total return indices)

Way Forward:

In our view, global macro environment remains challenging with heightened geo-political and economic uncertainties. Announcement of reciprocal tariffs by the US administration could significantly impact US and global growth outlook, if the tariffs stay in place. For India, GDP growth has further accelerated to 7.4%yoy in Q4FY25. We believe government has tried to partly address the slowdown in private consumption through the income tax rate cuts in the Union Budget. While government capex is moderating, private capex may take time to recover given global uncertainties. RBI is now trying to ease policy rates and liquidity conditions rapidly. With USD weakening and decline in crude prices the room for easing has increased further. Most economists now expect another 50bps of rate cut from the RBI during the calendar year. Forecast of an above normal monsoon is also a positive for rural demand.

We believe growth cycle in India may be bottoming out. Interest rate and liquidity cycle, decline in crude prices and normal monsoon are all supportive of a pick-up in growth going forward. Although, global trade related uncertainty remains a headwind to private capex in the near term, we expect India's investment cycle to be on a medium-term uptrend supported by government investment in infrastructure and manufacturing, pickup in private investments and a recovery in real estate cycle. We expect higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains to support faster growth. Post the recent correction, Nifty valuations are now in-line with its 5/10-year average. We remain constructive on Indian equities supported by the more robust medium term growth outlook.

➤ DEBT OUTLOOK

Year 2024 by all accounts has been a tough one, especially for global macro analysts and traders. Through all this volatility, India's CY24 scorecard shines out compared to the performance of most EMs, with equity

Trustees’ Report

For the year ended March 31, 2025 (Contd...)

markets up YTD by ~13%, INR weaker by just ~1.9% and amongst the top 5 EM performers, 10-year bond yields down ~45 bps and FX reserves still up a net USD ~35 bn.

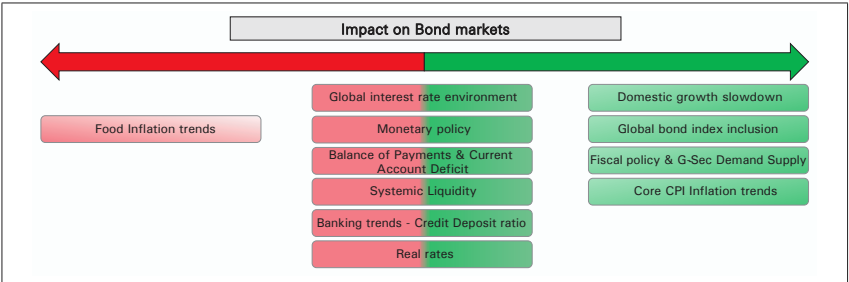
In RBI, We Trust

A large part of the credit should go to RBI which has manned our gates in a credible, clairvoyant and decisive manner. This is best underscored by RBI's series of actions in the financial sector, where pre-emptive stern actions have probably helped deliver a soft landing of the personal and microfinance credit boom, before it potentially spiraled into another financial sector crisis as we have often seen in the past.

The reason we are starting our 2025 outlook with an ode to the RBI for its prudent management of CY24, is that given the kind of uncertainties and issues that the world is facing now, we need as much and more of RBI's steady hand, of course in tandem with the government policy makers, to ensure that India continues to carry the mantle of being a “beacon of stability” in an otherwise tumultuous world. And for that - In RBI, We Trust. With Governor Shaktikanta Das’ term having ended after a memorable 6-year period, Shri Sanjay Malhotra (erstwhile Revenue Secretary) now takes charge of the institution with the responsibility of ensuring this trust not only continues, but also grows stronger.

Starting CY25 with a positive outlook

Our macro scorecard for CY25 reflects a positive rate bias for the Indian bond markets as depicted below:



Over the past few months, the bands of uncertainty have widened around some factors suggesting that navigating the bond markets in 2025 may be a bit more challenging than in 2024.

Taking a deeper dive into 3 factors where there has been visibility and more certainty of the path ahead:

- **Fiscal policy and G-Sec demand-supply:** Both these factors continue to be strong tailwinds into 2025, similar to 2024. Strong domestic demand along with continued FPI inflows, and potential OMO purchases by RBI will keep Government securities well bid and market technical positive.
- **Index and strategic FPI flows:** India bond markets are now in the process of inclusion into all 3 relevant EM bond indices viz. JP Morgan GBI-EM, Bloomberg EM LC index and FTSE-EM Government Bond Index. Total index flows should total USD 35-40 bn by March 2026.
- **External balances:** India's Current Account deficit has been steady, hovering around the ~1% mark for the past few years and we expect the same to continue into FY26 as well. Capital flows by their very nature are and will remain fickle. However, given the steady trickle of bond inflows, recent RBI tweaks with regards to FCNR deposit inflows and a still strong macro story, we believe Balance of Payments should still remain comfortable.

Moving onto the 3 factors where visibility has become clouded and may need to be watched closely:

- **Global interest rate and FX environment:** Given the lack of clarity on Trump 2.0 policies and their impact, US monetary policy backdrop is likely to be more uncertain in 2025. We prefer to start with a neutral stance on its impact on India bond yields. Consensus view on FX seems to be USD strength and EM weakness. The wildcard of course is any potential CNY depreciation/devaluation as a counter to

Trustees' Report

For the year ended March 31, 2025 (Contd...)

Trump tariffs, which could lead to severe ripples across EM currencies. Clearly Central Bank actions will be critical for rates assessments as well.

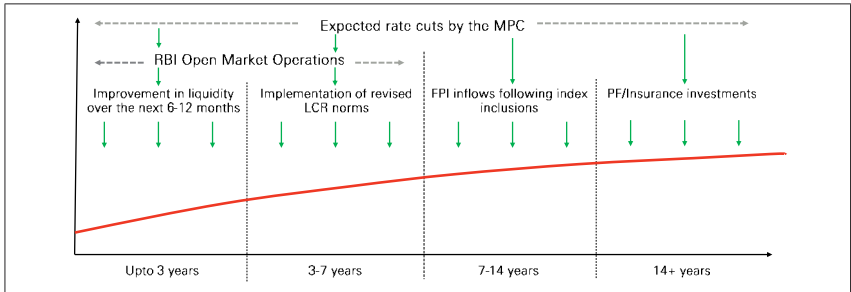
If consensus view of USD strength does indeed turn out to be the way forward for 2025, we would expect INR weakness of 1-3% over CY25, still outperforming majority of EM currencies.

- **Systemic liquidity:** Recent FPI selling frenzy has forced liquidity back into deficit, on back of RBI interventions to maintain INR stability, forcing RBI to cut CRR in its December policy. We expect RBI to continue with further measures in this direction viz. aggressive VRR injections, FX swaps as well as potential Open Market Operations (OMO) to buy Government securities and inject liquidity into the system.
- **Growth inflation imbalance:** This brings us to the final and most relevant point. Growth outlook has suddenly dampened after the Q2 print of 5.4%, while inflation risks remain elevated on the back of unrelenting food price shocks. We expect the balance to get better over next few months as inflation retraces back to sub 5% levels, which would free up RBI's ability to respond better to downside growth risks.

And this is what underpins our positive outlook for bond markets, as we expect the MPC to be able to cut rates by 50bps over the February and April policies. Through all the uncertainty, we still think space would exist for a further cut by June 2025, taking policy repo rate to 5.75% and overnight rates towards 5.5%. However, we remain mindful of the risk that global developments may not leave the RBI space to move that last mile.

To sum up, despite the various uncertainties and imponderables heading into 2025, we remain positive on our outlook on Indian bond markets and expect interest rates to move lower, **supporting our long duration bias across portfolios**, with the intent to remain nimble in our strategies as the year progresses.

Factors impacting the yield curve: The chart shows the impact we expect on different parts of the yield curve based on key factors and help investors arrive at an appropriate risk return profile of their portfolios



In conclusion, the coming year is bound to be eventful and exciting from an investment perspective, with a fine line between being “nimble footed” and “holding the line”. In such an uncertain backdrop, India is fortunate to have a strong macro-economic fortress and more importantly, a resolute RBI at the gates, to raise the guard as and when required. As we head into 2025, for India bond and currency investors, that is probably the biggest reassurance of calm amidst the chaos. We believe, Indian bond markets are well-armed to navigate through the challenges posed by 2025.

Source: RBI, Bloomberg and HSBC MF

III. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of INR. 1,00,000/- (Rupees One Lakh only) to the Trustees as the initial contribution towards the corpus of the Mutual Fund.

Trustees' Report

For the year ended March 31, 2025 (Contd...)

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) and a Deed of Novation dated February 12, 2024 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited, as the Trustees. The Trustees have entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund is registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

HSBC Trustees (India) Private Limited ("HTIP") (the Trustees of HSBC Mutual Fund) is a private limited company incorporated on 09 January 2024 under the Companies Act, 2013, and having its Registered Office at 52/60, Mahatma Gandhi Road, Fort, Stock Exchange, Mumbai – 400 001

The Trustees are the exclusive owner of the Trust Fund and hold the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

As of March 31, 2025, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001, and having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Investment Managers to HSBC Mutual Fund by the Trustees vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is INR 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

SEBI vide its letter dated May 3, 2024, has accorded no objection to the AMC to undertake Alternate Investment Funds activity under the SEBI (Alternate Investment Funds) Regulations, 2012. SEBI vide its letter dated October 3, 2024, has also accorded it's no objection to the AMC for setting up of a wholly owned subsidiary in International Financial Services Centre ("IFSC"), Gujarat International Finance Tee-City ("GIFT City") to undertake activities as permitted under Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996 and provide non-binding advisory services to the subsidiary for its GIFT AIF activity.

HSBC Securities and Capital Markets (India) Private Limited holds 100% of the paid-up equity share capital of the AMC.

Trustees' Report

For the year ended March 31, 2025 (Contd...)

IV. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section I).

V. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

VI. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2025:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (INR)	No. of Investors	Amount (INR)
HSBC Business Cycles Fund	111	759,208.87	27	651,729.35

VII. INVESTOR SERVICES

The Fund has made available for the convenience of the investors, official points for acceptance of transactions at 211 locations. The AMC, in addition to the offices of the Registrar & Transfer Agent, has its own offices in 62 locations and Investor Service Centers in 53 locations. Further, the investor can contact the AMC on its 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and one number i.e. +91 44 39923900, for investors calling from abroad. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the Fund has empaneled 65,209 distributors as on March 31, 2025. Further, to provide wider access to the investors, the AMC during the year initiated multiple tie-ups for online distribution of the Fund's schemes with several channel partners. Investors can now invest in the schemes of the Fund through 159 such tie-ups as on March 31, 2025. We hope that the investors will benefit from these services, and overall enhance the investing experience for our investors.

VIII. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2024 - March 2025 are as follows:

2024-2025												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	4	4	0	0	0	0	0	0	0	0
IB	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2025 (Contd...)

2024-2025												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I C	Non receipt of Redemption Proceeds	0	29	29	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	1	1	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	4	4	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	62	61	0	0	0	0	1	0	0	0
II C	Data corrections in Investor details	2	281	282	0	0	0	0	1	0	0	0
II D	Non receipt of Annual Report/Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	3	3	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/ load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	148	149	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	14	14	0	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	3	97	100	0	0	0	0	0	0	0	0
	TOTAL	6	645	649	0	0	0	0	2	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

* Non-actionable means the complaint is incomplete/ outside the scope of the mutual fund.

Summary of Complaints for FY 2024-25

Particulars	Count
Total complaints received	645
Total number of folios	24,92,242
% of complaints against the folio	0.026%

Trustees' Report

For the year ended March 31, 2025 (Contd...)

IX. INVESTOR EDUCATION INITIATIVES

The AMC has been conducting various investor education initiatives to boost awareness on financial literacy, as also to make financial education interesting. During the FY 2024-25, the AMC conducted around 1,312 Investor Awareness Programs (IAP) at various locations. Following are the investor education and awareness initiatives:

- Mainline campaign of '**SIP ko do Promotion**' using real-life situations to nudge investors to opt for a top-up plan to meet their long-term wealth creation goals. This campaign achieved 40.40 Mn impressions across various mediums.
- Comic strips titled '**Mutual Fun**' in Times of India (print medium) in prominent spacing, to explain mutual fund concepts in an interesting manner.
- Within Digital activities, RCS, Meta and display campaigns around diverse themes such as '**Children and Investing**', '**Women and Investing**' and '**Cricket and Investing**'.
- '**Investment Ki Paathshala**' episodes aired on leading Hindi news channel aiming to simplify investment concepts and encourage informed decision-making, with a leading anchor explaining investment concepts in a lucid manner.
- Blogs on '**Investment ki Paathshala**' disseminated on a monthly basis.
- '**Gyaan Guroovaar**' disseminated monthly on social media handles and as mailers.
- Educational infographics disseminated in English and Regional languages on topics such as Retirement planning, financial freedom, early financial planning, SIPs, etc.
- IAP decks developed on diverse themes like SIP, Retirement planning, Women and Investing, Cricket and Investing.
- General education videos and GIFs published on social media handles.
- IAP articles for various media channels.
- Participation in three events as Knowledge Partner educating collectively an audience of more than 10,000.
- Recognizing women's financial literacy as an essential driver of economic growth and vital to India's growth story and conducting 338 Women exclusive IAPs.

X. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures).

The summary of the votes cast in the general meetings of the Investee companies, by the AMC, for and on behalf of the Schemes of the Fund, for the financial year 2024-25 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2024 - June 2024	597	444	101	52
July 2024 - September 2024	2,407	1,955	298	154
October 2024 - December 2024	224	190	23	11
January 2025 - March 2025	301	242	42	17
TOTAL	3,529	2,831	464	234

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s KPMG Assurance and Consulting Services LLP, who is acting as a Scrutinizer, on the voting report for the FY 2024-25. The certificate dated July 09, 2025 issued by M/s KPMG Assurance and Consulting Services LLP, is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2024-25 or log on to the Fund's website at www.assetmanagement.hsbc.co.in.

Trustees' Report
For the year ended March 31, 2025 (Contd...)

XI. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond the initial contribution of INR 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

XII. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2024-25

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2024-25 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level at start of the financial year (as on 1st April, 2024)	Risk-o-meter level at end of the financial year (as on 31st March, 2025)	Number of changes in Risk-o-meter during the financial year
HSBC Business Cycles Fund	Very High	Very High	0

XIII. GOVERNANCE UNDER THE POLICY ON STEWARDSHIP RESPONSIBILITIES OF HSBC MUTUAL FUND

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

Sr. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2025 (Contd...)

Sr. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees’ Report
For the year ended March 31, 2025 (Contd...)

XIV. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

XV. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

XVI. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

David Rasquinha
Director

Mumbai
July 17, 2025

Independent Auditors' Report

To the Trustees of HSBC Mutual Fund – HSBC Business Cycles Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Business Cycles Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2025, the Revenue Account, the Statements of changes in net assets attributable to unit holders of scheme, the Statement of Cash Flows for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2025;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Statement of Cash Flows, of the cash flows for the year ended on that date; and
- d. in the case of the Statements of changes in net assets attributable to unit holders, of the changes in net assets attributable to unit holders of the Scheme for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accounts of India (the "ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee") (collectively referred to as the "Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (Contd...)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations, cash flows and changes in net assets attributable to unit holders of the Scheme in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (Contd....)

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account, the Statement of changes in net asset attributable to unit holders of scheme and the Statement of Cash Flow, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2025 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

Sd/-

Swapnil Kale

Partner

Membership Number: 117812

UDIN: 25117812BMNUWO3222

Place : Mumbai

Date : July 17, 2025

Abridged Balance Sheet as at March 31, 2025

Rs. in Lakhs

	As at March 31, 2025	As at March 31, 2024
LIABILITIES		
1 Unit Capital	25,478.65	22,866.80
2 Reserves & Surplus		
2.1 Unit Premium Reserves	(7,558.47)	(12,547.62)
2.2 Unrealised Appreciation Reserve	41,615.73	36,234.97
2.3 Other Reserves	37,200.64	29,891.20
3 Loans & Borrowings	—	—
4 Current Liabilities & Provisions		
4.1 Provision for Doubtful Income/Deposits	—	—
4.2 Other Current Liabilities & Provisions	267.13	430.54
TOTAL	97,003.68	76,875.89
ASSETS		
1 Investments		
1.1 Listed Securities:		
1.1.1 Equity Shares	94,074.28	75,023.20
1.1.2 Preference Shares	—	—
1.1.3 Equity Linked Debentures	—	—
1.1.4 Other Debentures & Bonds	—	—
1.1.5 Securitised Debt Securities	—	—
1.2 Securities Awaited Listing:		
1.2.1 Equity Shares	—	—
1.2.2 Preference Shares	—	—
1.2.3 Equity Linked Debentures	—	—
1.2.4 Other Debentures & Bonds	—	—
1.2.5 Securitised Debt Securities	—	—
1.3 Unlisted Securities:		
1.3.1 Equity Shares	—	—
1.3.2 Preference Shares	—	—
1.3.3 Equity Linked Debentures	—	—
1.3.4 Other Debentures & Bonds	—	—
1.3.5 Securitised Debt Securities	—	—
1.4 Government Securities	—	—
1.5 Treasury Bills	—	—
1.6 Commercial Paper	—	—
1.7 Certificate of Deposits	—	—
1.8 Bill Rediscounting	—	—
1.9 Units of Domestic Mutual Fund	—	—
1.10 Foreign Securities	—	—
Total Investments	94,074.28	75,023.20
2 Deposits	94.03	83.96
3 Other Current Assets		
3.1 Cash & Bank Balance	70.98	63.96
3.2 CBLO/TREPS/Reverse Repo Lending	2,734.27	1,682.65
3.3 Others	30.12	22.11
4 Deferred Revenue Expenditure (to the extent not written off)	—	—
TOTAL	97,003.68	76,875.89

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2025

Rs. in Lakhs

		Current Year ended March 31, 2025	Previous Year ended March 31, 2024
1	INCOME		
1.1	Dividend	573.04	477.78
1.2	Interest	163.80	96.17
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	8,410.09	7,870.73
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	9.78	7.84
	(A)	9,156.71	8,452.52
2	EXPENSES		
2.1	Management Fees	880.30	692.02
2.2	GST on Management Fees	158.46	124.57
2.3	Transfer Agents Fees and Expenses	55.14	44.74
2.4	Custodian Fees	1.08	0.79
2.5	Trusteeship Fees	1.17	0.52
2.6	Commission to Agents	959.97	652.80
2.7	Marketing & Distribution Expenses	0.09	0.11
2.8	Audit Fees	1.08	0.99
2.9	Investor Education Expenses	18.76	13.07
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	89.56	78.61
2.12	Other Operating Expenses	16.43	12.52
	(B)	2,182.04	1,620.73
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B) 6,974.67	6,831.80
4	Change in Unrealised Depreciation in Value of Investments	(D) (2,180.12)	—
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D) 4,794.55	6,831.80
6	Change in Unrealised Appreciation in Value of Investments	(F) 4,827.99	16,576.73
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F) 9,622.54	23,408.52
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	5,380.76	16,576.73
7.3	Add/(Less) : Equalisation	3,598.48	(771.77)
7.4	Transfer from Reserve Fund	29,891.19	24,105.70
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	37,731.45	30,165.73
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(530.81)	(274.53)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	37,200.64	29,891.20

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2025

	Current Year ended March 31, 2025	Previous Year ended March 31, 2024
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	34.2869	23.8745
Regular Plan - IDCW Option	23.6505	17.4877
Direct Plan - Growth Option	37.2022	25.6293
Direct Plan - IDCW Option	25.2662	18.4636
High		
Regular Plan - Growth Option	45.4412	35.1400
Regular Plan - IDCW Option	29.6532	24.2390
Direct Plan - Growth Option	49.6759	38.0978
Direct Plan - IDCW Option	31.8167	25.8744
Low		
Regular Plan - Growth Option	34.7163	23.9473
Regular Plan - IDCW Option	21.9340	17.5410
Direct Plan - Growth Option	37.9764	25.7097
Direct Plan - IDCW Option	23.8161	18.5215
End		
Regular Plan - Growth Option	38.9090	34.2869
Regular Plan - IDCW Option	24.5830	23.6505
Direct Plan - Growth Option	42.6807	37.2022
Direct Plan - IDCW Option	26.7163	25.2662
2. Closing Assets Under Management (Rs. in Lakhs)		
End	96,737	76,445
Average (AAuM) ¹	93,775	65,327
3. Gross income as % of AAuM ²	9.76%	12.94%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	2.30%	2.43%
Direct Plan	1.21%	1.36%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.94%	1.06%
Direct Plan	0.94%	1.06%
5. Net Income as a percentage of AAuM ³	7.44%	10.46%
6. Portfolio turnover ratio ⁴	0.17	0.26
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	2.50	1.20
Direct Plan - IDCW Option	2.50	1.25

Key Statistics for the year ended March 31, 2025 (Contd...)

	Current Year ended March 31, 2025	Previous Year ended March 31, 2024
Corporate		
Regular Plan - IDCW Option	2.50	1.20
Direct Plan - IDCW Option	2.50	1.25
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	13.48%	43.93%
Direct Plan - Growth Option	14.72%	45.47%
Benchmark		
Nifty 500 TRI	6.37%	40.75%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	13.66%	13.68%
Direct Plan - Growth Option	14.66%	14.65%
Benchmark		
Nifty 500 TRI	13.36%	14.12%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 and March 28, 2025 due to non-availability of benchmark indices as of March 31, 2024 and March 31, 2025 respectively.

Notes to Accounts – Annexure I
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2025

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2025 and March 31, 2024 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2025 and March 31, 2024 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2025 & period ended March 31, 2024 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2025 and March 31, 2024 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2025 and March 31, 2024 are as under:

(Rs. In Lakhs)

Scheme Name/ Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2025		As at March 31, 2024	
Equity Shares				
- Appreciation	41,615.73	43.02	36,787.74	48.12
- Depreciation	2,732.89	2.83	552.77	0.72

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2024-2025 (excluding accretion of discount) is Rs. 24,418.58 lakhs and Rs. 16,425.48 lakhs respectively being 26.04% and 17.56% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 17,237.15 lakhs and Rs. 18,453.45 lakhs respectively being 26.39% and 28.25% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets is NIL:

2 Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended.

During the year 2024-25, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. in lakhs]	% of Total Business received by the Fund	Commission paid [Rs. in lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2024-2025	121.54	0.54	1.78	0.18

Notes to Accounts – Annexure I (Contd...)

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2025

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. in lakhs]	% of Total Business received by the Fund	Commission paid [Rs. in lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	74.85	0.90	0.86	0.13

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. in lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. in lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2024-2025	Nil			
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	386.56	1.08	0.46	1.08

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2025 and March 31, 2024.
- 4 Unit Capital movement during the year ended March 31, 2025 and March 31, 2024:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2024-25					
Regular Plan - Growth Option	194,398,686.630	49,814,721.923	23,833,318.33	220,380,090.222	10
Regular Plan - IDCW Option	20,883,617.662	1,350,331.77	2,680,260.78	19,553,688.647	10
Direct Plan - Growth Option**	12,323,251.951	3,704,450.903	2,159,636.630	13,868,066.224	10
Direct Plan - IDCW Option	1,062,470.358	72,106.966	149,958.558	984,618.766	10
2023-24					
Regular Plan - Growth Option	197,038,876.704	24,299,759.687	26,939,949.761	194,398,686.630	10
Regular Plan - IDCW Option	23,613,977.032	1,051,800.091	3,782,159.461	20,883,617.662	10
Direct Plan - Growth Option**	11,001,719.629	3,100,198.032	1,778,665.710	12,323,251.951	10
Direct Plan - IDCW Option	1,082,001.399	84,691.586	104,222.627	1,062,470.358	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2025 is 500,000 & as on March 31, 2024 is 500,000.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.

Notes to Accounts – Annexure I (Contd...)

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2025

- 6 There are no contingent liabilities and other commitments as on March 31, 2025 and March 31, 2024. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 9.78 lakhs and Rs. 7.84 lakhs for F.Y. 2024-25 and F.Y. 2023-24 respectively represents Miscellaneous income/Exit load (wherever applicable) credited to the scheme.

9 Investor Education Awareness

As per para 10.1.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 and an annual charge of 0.02 percent of daily net assets (within the maximum limit of TER), being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2025.

As per para 10.1.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the limit of 0.02% p.a. has been reduced to 0.01% p.a. of daily net assets of the scheme in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

For the income earned on unclaimed redemption and dividend amount beyond 3 years, it shall be transferred on a monthly basis to the investor education fund as per notice issued by SEBI dated January 22, 2025.

The break-up of which is as under:

	March 31, 2025	March 31, 2024
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2024	177.73	997.09
Add: Accrual during FY 2024-25	2,473.86	1,962.01
Add : Transferred from unclaimed schemes (more than 3 years)	625.71	–
Less: Transferred to AMFI *	1,136.86	889.11
Less: Payable to AMFI (March 2025 accrual) *	100.07	91.90
Add: Investment Income FY 2024-25	24.04	77.08
Less: Spent during FY 2024-25	1,471.42	1,877.44
Closing Balance as on March 31, 2025	593.00	177.73

*In accordance with Chapter 10 of SEBI Master Circular for Mutual Funds dated June 27, 2024.

- 10 Pursuant to Chapter 11 of SEBI Master Circular for Mutual Funds dated June 27, 2024, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at start of the financial year i.e. April 01, 2024	Risk-o-meter level at end of the financial year i.e. March 31, 2025	Number of changes in Risk-o-meter during the financial year
HSBC Business Cycles Fund	Very High	Very High	0

Notes to Accounts – Annexure I (Contd...)

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2025

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the previous year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 16, 2025 and July 17, 2025 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2024 – 25 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Nomination is a facility that enables an individual unitholder (including sole proprietor of sole proprietary concern) to nominate a person, who can claim the Units held by the unitholder or the redemption proceeds thereof in the event of death the unitholder. Hence do not forget to update your Nominee details in the folio. Please visit (<https://invest.assetmanagement.hsbc.co.in/auth/login>) for updation.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
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HSBC Asset Management (India) Private Limited

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