Date: February 06, 2024

Dear Unitholder,

<u>Sub: Change in fundamental attributes of HSBC Nifty 50 Index Fund (“the Scheme”) of HSBC Mutual Fund</u>

Unit holders are requested to note that the following Scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as FAC (Fundamental Attribute Changes) in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) read with Regulation 25(26) of the SEBI (Mutual Funds) Regulations, 1996 (“MF Regulations”). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

1. **Name of the Scheme/s: HSBC Nifty 50 Index Fund**
2. **Rationale for the change/s:** To enable the Scheme to optimize the investment portfolios by earning additional returns through securities lending activities, which can enhance overall portfolio performance.
3. **The comparison between the existing features and the proposed features are as follows (Only change portion to be mentioned):**

<table>
<tr><th>Particulars</th><th>Existing Scheme Features</th><th>Proposed Scheme Features
(Changes to be highlighted in Bold)</th></tr>
<tr><td>Asset Allocation Pattern*</td>
<td>Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocation (% of net assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Min.</th><th>Max.</th></tr>
<tr><td>Equity and Equity related securities covered by Nifty 50 Index</td><td>95%</td><td>100%</td><td>Medium to High</td></tr>
<tr><td>Debt securities & Money Market instruments *</td><td>0%</td><td>5%</td><td>Low to medium</td></tr>
</table>
* Money Market Instruments would include certificate of deposits, commercial papers, T-Bills, repo, reverse repos and TREP, bill rediscounting, bills of exchange / promissory notes, Standby Letter of Credit (SBLC) backed commercial papers and government</td>
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Particulars	Existing Scheme Features	Proposed Scheme Features (Changes to be highlighted in Bold)
	securities having unexpired maturity of 1 year and such other instruments as eligible from time to time. The scheme shall make investment in derivative as permitted under the SEBI Regulations. Investment in derivatives will be upto 100% of the net assets. The cumulative gross exposure through equity, debt, derivative positions and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Scheme. The scheme invests only in the stocks comprising the Nifty 50 Index and will be as per Regulation 44(1), Schedule 7 of the SEBI (Mutual Funds) Regulations, 1996. The scheme will not make any investment in Debt Derivatives, ADR / GDR / Foreign Securities/ Securitized Debt /Repo in Corporate Debt Securities. The scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time. The scheme may undertake (i) Credit Default Swaps and (ii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time. As an index linked scheme, the investment policy is primarily passive management. However, the investment pattern is indicative and may change for short duration. In the event the NIFTY 50, is dissolved or is withdrawn, respectively or is not published due to any reason whatsoever, the Trustee reserves the right to modify the Plan so as to track a different suitable index and/or to suspend tracking the NIFTY 50 and appropriate intimation of the same will be sent to the Unit holders of the Plan. In such a case, the investment pattern will be suitably modified to bring it in line with the composition of the securities that are	having unexpired maturity of 1 year and such other instruments as eligible from time to time. The scheme shall make investment in derivative as permitted under the SEBI Regulations. Investment in derivatives will be upto 100% of the net assets. The cumulative gross exposure through equity, debt, derivative positions, credit default swaps in corporate debt securities and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Scheme. **The scheme may also take exposure to stock lending up to 20% of net assets of the scheme and not more than 5% of the net assets of the scheme shall be deployed in stock/securities lending to any single counter-party / intermediary However, if the securities lending and borrowing is done through the exchange where Clearing Counterparty (eg: NSCCL, ICCL, etc.) is the single counterparty then 5% limit is not applicable.** The scheme invests only in the stocks comprising the Nifty 50 Index and will be as per Regulation 44(1), Schedule 7 of the SEBI (Mutual Funds) Regulations, 1996. The scheme will not make any investment in Debt Derivatives, ADR / GDR / Foreign Securities/ Securitized Debt /Repo in Corporate Debt Securities. The scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time. The scheme may undertake (i) Credit Default Swaps and (ii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time. As an index linked scheme, the investment policy is primarily passive management. However, the investment pattern is indicative

Particulars	Existing Scheme Features	Proposed Scheme Features (Changes to be highlighted in Bold)
	included in the new index to be tracked and the performance of the scheme will be subject to tracking errors during the intervening period. Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially within the maximum and minimum allocation limits, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and defensive considerations. In the event of change in the asset allocation, the fund manager will carry out portfolio rebalancing within 7 Days. Further, in case the portfolio is not rebalanced within the period of 7 days, justification for the same shall be placed before the investment committee and reasons for the same shall be recorded in writing. The investment committee shall then decide on the course of action. Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations. For the deviation from the asset allocation mentioned above, the portfolio of the scheme shall be rebalanced within the timelines mentioned in para 3.5.3.11 of SEBI Master Circular on Mutual Funds dated May 19, 2023 or any circulars issued by SEBI from time to time in this regard.	and may change for short duration. In the event the NIFTY 50, is dissolved or is withdrawn, respectively or is not published due to any reason whatsoever, the Trustee reserves the right to modify the Plan so as to track a different suitable index and/or to suspend tracking the NIFTY 50 and appropriate intimation of the same will be sent to the Unit holders of the Scheme. In such a case, the investment pattern will be suitably modified to bring it in line with the composition of the securities that are included in the new index to be tracked and the performance of the scheme will be subject to tracking errors during the intervening period. Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially within the maximum and minimum allocation limits, depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and defensive considerations. In the event of change in the asset allocation, the fund manager will carry out portfolio rebalancing within 7 Days. Further, in case the portfolio is not rebalanced within the period of 7 days, justification for the same shall be placed before the investment committee and reasons for the same shall be recorded in writing. The investment committee shall then decide on the course of action. Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations. For the deviation from the asset allocation mentioned above, the portfolio of the scheme shall be rebalanced within the timelines mentioned in para 3.5.3.11 of SEBI Master Circular on Mutual Funds dated May

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		19, 2023 or any circulars issued by SEBI from time to time in this regard.

*** Considered as Fundamental Attribute Change**

Note: All other features of the Scheme except those mentioned above will remain unchanged.

Following para shall be included in the risk factors of the Scheme:

Risk associated with Securities Lending and Borrowing (SLB)

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered between the lender of securities i.e., the Scheme and the approved intermediary due to various factors including but not limited to bankruptcy. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities, and this can lead to temporary illiquidity.

However, counterparty risk is mitigated if SLB is done through exchanges as it offers an anonymous trading platform and Clearing Counterparty which gives the players the advantage of settlement guarantee without the concerns of counter party default. However, the Fund may not be able to sell such lent securities during contract period or will have to recall the securities which may be at higher cost than at which the security is lent.

4. The Board of Directors of HSBC Asset Management (India) Private Limited and Board of Trustees of HSBC Mutual Fund, have approved the above proposed changes. Further, SEBI, vide letter ref. no. IMD/IMD-RAC2/OW/P/2024/3876/1 dated January 25, 2024, has communicated its no-objection for the proposed changes.
5. In line with regulatory requirements, for Scheme where a change in fundamental attributes is being proposed, we are offering an exit window (“Exit Option”) to the Unit holders of 30 days from Monday, February 12, 2024 to Tuesday, March 12, 2024 (both days inclusive) (“Exit Option Period”). These changes will be effective from Wednesday, March 13, 2024, (“Effective Date”). During the Exit Option Period, unit holders not consenting to the change may either switch to any other Scheme of HSBC Mutual Fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the relevant Scheme. All transaction requests received on or after Effective date will be subject to applicable exit load (if any), as may be applicable to the respective Scheme mentioned above.
6. Redemption / Switch requests, if any, may be lodged at any of the Official Points of Acceptance of HSBC Mutual Fund.

7. The above information is also available on the website of HSBC Mutual Fund viz www.assetmanagement.hsbc.co.in.
8. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests.
9. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
10. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 3 (three) working days from the date of receipt of redemption request.
11. **It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**
12. Please note that unit holders who do not opt for redemption on or before Tuesday, March 12, 2024 (upto 3 p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the Scheme of HSBC Mutual Fund ("the Fund"). In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the respective Scheme(s) of the Fund by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of HSBC Asset Management (India) Private Limited or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.
13. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
    a. Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of HSBC Asset Management (India) Private Limited/ HSBC Mutual Fund, or its registrar (CAMS) or to the DP (in case of units held in Demat mode).
    b. The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.
    c. Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in the Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
14. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of the Fund.
15. **Tax Consequences:**

    Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of the Fund and Scheme Information Document of the Scheme of the Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:

HSBC Mutual Fund:

9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East),

Mumbai – 400 063, India.

Email: investor.line@mutualfunds.hsbc.co.in,
Website: www.assetmanagement.hsbc.co.in
Customer Service Number - 1800 200 2434/ 1800 4190 200
Issued by HSBC Asset Management (India) Private Limited
CIN-U74140MH2001PTC134220

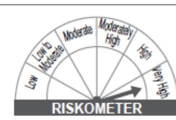
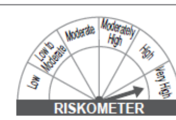
Yours faithfully

For & on behalf of **HSBC Asset Management (India) Private Limited**
(Investment Manager to HSBC Mutual Fund)

Authorised Signatory

Enclosures: as above

Product Label

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Nifty 50 Index Fund An open-ended Equity Scheme tracking NIFTY 50 Index **This product is suitable for investors who are seeking*:** ▶ Long Term capital appreciation ▶ Investment in equity securities covered by the NIFTY 50	 **Investors understand that their principal will be at Very High risk**	 **Benchmark Index: Nifty 50 TRI**

* 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 January 31, 2024, 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

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.