HSBC MUTUAL FUND

Notice for Merger of HSBC Tax saver Equity Fund into HSBC Flexi Cap Fund

Notice is hereby given that the Board of Directors of HSBC Asset Management (India) Private Limited ("the AMC") and the Board of Directors of HSBC Trustees (India) Private Limited ("the Trustees") have approved the proposal of Merger of HSBC Tax saver Equity Fund ("Merging scheme") into HSBC Flexi Cap Fund ("Surviving scheme").

The proposed merger will tantamount to change in the fundamental attributes of the merging scheme i.e. HSBC Tax saver Equity Fund is in accordance with Regulation 18 (15A) of the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations"). The Securities and Exchange Board of India ("SEBI") has also vide its communication dated December 01, 2025 granted its no objection to the said merger.

1. **Effective date for Merger:**
   The merger shall be effective with effect from January 23, 2026 (or next business day, in case it is a non-business day).

2. **No Change to Surviving Scheme post merger:**
   Consequent to the aforesaid merger, there will be no change in the name or other attributes of the Surviving Scheme i.e. HSBC Flexi Cap Fund and accordingly, interest of unitholders of Surviving Scheme is not adversely affected hence exit option will not be applicable to the surviving scheme.

   The investment objective, asset allocation, investment pattern, annual scheme recurring expenses and all other provisions as contained in the Scheme Information Document (SID) of the Surviving Scheme will remain unchanged post the merger. Thus, no new scheme will come into existence as a result of the aforesaid merger.

3. **The comparison between features of the Merging Scheme and Surviving Scheme is as follows :**

<table>
<tr><th>Particulars</th><th>Merging Scheme Features</th><th>Surviving Scheme Features</th></tr>
<tr><td>Name of Scheme</td><td>HSBC Tax saver Equity Fund</td><td>HSBC Flexi Cap Fund</td></tr>
<tr><td>Category of Scheme/s</td><td>ELSS Fund</td><td>Flexi Cap Fund</td></tr>
<tr><td>Type of the scheme</td><td>An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit</td><td>An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks</td></tr>
<tr><td>Product Labelling
(As on November 30, 2025)</td><td>This product is suitable for investors who are seeking*:
• To create wealth over long term
• Investment in equity and equity related securities with no capitalisation bias


The risk of the scheme is Very High Risk
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</td><td>This product is suitable for investors who are seeking*:
• To create wealth over long term
• Investment in equity and equity related securities across market capitalizations


The risk of the scheme is Very High Risk
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</td></tr>
<tr><td>Investment objective</td><td>To provide long term capital appreciation by investing in a diversified portfolio of equity & equity related instruments of companies across various sectors and industries, with no capitalization bias. The Fund may also invest in fixed income securities.
However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.</td><td>To seek long term capital growth through investments made dynamically across market capitalization (i.e. Large, Mid, and Small Caps). The investment could be in anyone, two or all three types of market capitalization. The Scheme aims to predominantly invest in equity and equity related securities. However, in line with the asset allocation pattern of the Scheme, it could move its assets between equity and fixed income securities depending on its view on these markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved</td></tr>
<tr><td>Asset Allocation</td><td>
<table>
<tr><th>Instruments</th><th>Indicative Allocation</th></tr>
<tr><td>Equities & Equity related securities</td><td>80% - 100%</td></tr>
<tr><td>Debt & Money Market instruments and Cash</td><td>0% - 20%</td></tr>
</table>
The Scheme may review the above pattern of investments based on views on the equity and debt markets and asset liability management needs and the portfolio shall be reviewed and rebalanced on a regular basis. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.
Investors may note that securities which provide higher returns, typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.
If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the corpus of the Scheme and if the Scheme decides to invest in ADRs / GDRs issued by Indian Companies, it is the intention of the Investment Manager that such investments will not, normally exceed 20% of the assets of the Scheme.
For investments in ADRs / GDRs, the Fund Manager would consider the premium / discount to the underlying stock and the possibility of the discount narrowing or the premium expanding, liquidity management of the portfolio, secondary and primary offerings of ADRs / GDRs.
If the Scheme decides to invest in foreign securities, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the corpus of the Scheme.
The exposure to derivative instruments shall be as per the SEBI and applicable Guidelines issued from time to time.
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<table>
<tr><th>Instruments</th><th>Indicative Allocation</th></tr>
<tr><td>Equities & Equity related securities</td><td>65% - 100%</td></tr>
<tr><td>Debt instruments & Money Market instruments (including Cash & Cash equivalents)</td><td>0% - 35%</td></tr>
<tr><td>Units of REITS and Invits</td><td>0%-10%</td></tr>
</table>
If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the net assets of the Scheme.
Derivative positions for other than hedging purposes shall not exceed 50% of total equity assets. The Scheme shall have derivative exposure as per the SEBI regulations issued from time to time. The Scheme can take covered call positions for stock derivatives, as permitted by SEBI.
The Scheme may engage in short selling and securities lending. In case of securities lending, the Scheme may take exposure up to 20% of net assets and not more than 5% of the net assets of the Scheme shall be deployed in securities lending to any single counterparty/intermediary.
The gross exposure to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the concerned scheme.
The Scheme may invest in Foreign Securities including ADR/GDR upto 30% of its total assets subject to the Eligible Investment Amount. Investment in Foreign Securities shall be subject to the investment restrictions specified by SEBI/RBI from time to time.
The scheme shall not invest in credit default swaps and Structured Obligations / Credit Enhancements.
The Scheme will adopt the list of large, mid and small cap companies as defined by SEBI, from time to time. Presently as per para 2.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024 large cap companies will comprise of companies from 1st to 100th companies, Mid cap companies will comprise of companies from 101st to 250th and small cap companies will comprise of companies from 251st onwards in terms of full market capitalization. The Fund would adopt the list of large, mid and small cap companies prepared by AMFI for this purpose in accordance with the aforesaid SEBI circulars. If there is any updation in the list of large, mid and small cap companies, the fund would re balance its portfolio (if required) in line with the updated list, within a period of one month.
Investors may note that securities which provide higher returns typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.
The scheme may participate in instruments with special features including Additional Tier 1 bonds and Additional Tier 2 bonds as prescribed under para 12.2 of SEBI Master Circular on Mutual Funds dated June 27, 2024 and any other guidelines issues by SEBI from time to time.
As per the extant regulatory guidelines, the scheme shall not invest –
a. more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and
b. more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer.
The cumulative gross exposure through equity, debt instruments, REITs & InvITs units and derivative positions and other permitted securities / assets and such other securities / assets as may be permitted by SEBI from time to time, subject to approval, if any, shall not exceed 100% of net assets of the Scheme.
Pending deployment of funds, the Scheme may invest them into deposits of scheduled commercial banks as permitted under the extant Regulations.
Investments will be made in line with the asset allocation of the Scheme and the applicable SEBI and / or AMFI guidelines as specified from time to time.
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4. **Exit option period for Unitholders of the Merging Scheme :-**

   An exit option of 30 days will be given to the unit holders of Merging Scheme starting from December 24, 2025 and will end on January 22, 2026 (both days inclusive and upto 3.00 pm on January 22, 2026).

   Procedure for Merger:

   In accordance with Regulation 25(26) of the SEBI (Mutual Funds) Regulations,1996, all the existing unit holders under the Merging Scheme, are given an option to exit the Scheme at the applicable Net Asset Value without any exit load on such redemption. This option is valid for a period of 30 days.

   Please note that unit holders of the Merging Scheme, who do not opt for redemption on or before January 22, 2026 (up to 3 p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the Surviving Scheme.

   In case the unitholders of Merging scheme, who have been given an exit option without any exit load, disagree with the aforesaid changes, they may redeem all or part of the units of the scheme held by them by exercising the Exit Option, without exit load, within the Exit Option Period. Unitholders need to submit a redemption / switch request online or through a physical application form at any official point of acceptance/investor service centre of the AMC or the Registrar and Transfer Agents of the Fund or to the depository participant (DP) (in case of units held in Demat mode). The above information is also available on the website viz., www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-services under download section, click on Notice-Ads. 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.

   Unit holders can also submit the normal redemption form for this purpose. The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme. Unit holders should ensure that any changes in address or pay-out bank details if required by them, are updated in HSBC Mutual Fund 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.

   Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a release of their pledges / encumbrances prior to submitting their redemption / switch requests.

   In case investors, who had registered for Systematic investment facilities such as STP/SWP in the Merging Scheme, decide to continue their investments i.e. do not opt for the Exit Option, then such STP/SWP registrations will continue to be processed under the respective Plan/Option of the surviving scheme from the Effective Date and no fresh registration will be required. Further, investors who have registered for the aforesaid Systematic investment facilities in the Scheme and who do not wish to continue their future investment facilities must apply for cancellation of such registrations.

   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.

   The expenses related to the proposed merger and other consequential changes as outlined above will not be charged to the unit holders of the Schemes.

5. **Consequences of Merger:**
   Unit holders of the Merging Scheme will be allotted units under the corresponding Plan / Option of the Surviving Scheme at the applicable IDCW Net Asset Value ("NAV") of the Effective Date of the merger. It may be noted that investors under the IDCW options of the Merging Scheme will be allotted units in the existing IDCW option of the Surviving Scheme under the relevant Plan / Option viz Direct / Regular.

   Provided that, where units are held without distributor code in the Option / Plan of the Merging Scheme or where ARN is invalid, units of equivalent value in the Direct Plan of the Surviving Scheme under the corresponding Option will be allotted. Accordingly, the assets and liabilities of the Merging Scheme will be taken over by the Surviving Scheme upon Merger and the Merging Scheme shall cease to exist.

   This merger will not result in creation of any new scheme, as the Merging Scheme will merge into the Surviving Scheme. Further, no changes are proposed in any of the scheme provisions of the Surviving Scheme and accordingly, interest of unitholders of Surviving Scheme shall not be adversely affected on account of the proposed merger.

   Illustration on Basis of Allotment of units upon Merger for a Unitholder:

As on Effective Date of Merger January 23, 2026		
NAV per unit of the Plan / Option of the Merging Scheme (in Rs)	(A)	₹ 20.000
Units outstanding in Merging Option	(B)	50.000
Outstanding value in Merging Scheme (in Rs)	(A) X (B) = (C)	₹ 1000.00
NAV of the corresponding Plan / Option of the Surviving Scheme(in Rs)	(D)	₹ 25.000
Units allotted in the corresponding Plan / Option of the Surviving Scheme	(C) / (D) = (E)	40.000
Value of the units allotted in the Surviving Scheme(in Rs)	(D)X (E) = (F)	₹ 1000.00

   Please note above illustration does not include the charges which may be applicable
   As can be seen above, the value of units held by an Investor before and after the merger will be the same.
   Please note that the aforesaid is only an illustration and the actual number of units to be allotted under the Surviving Scheme will be determined by the value of units held in Merging Scheme and the NAVs of Merging Scheme and Surviving Scheme on the Effective Date of Merger.

6. **Tax consequences:**
   Pursuant to merger, any transfer of units held by the unit holder in the Merging Scheme in consideration of the units allotted in the Surviving Scheme who decide to continue their investments, will not be considered as redemption of Units in Merging Scheme and will not result in short term / long term capital gain / loss in the hands of the Unit holders. Furthermore, the period for which the units in the Merging Scheme were held by the Unit holder will be included in determining the period for which corresponding units were held in the Surviving Scheme by the Unit holder and the cost of acquisition of units allotted in the Surviving Scheme** pursuant to merger will be the cost of acquisition of original units in Merging Scheme.
   **Finance Act, 2018 has enacted certain amendments for determination of cost of acquisition of the units for the purpose of computing long term capital gains.
   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 HSBC Mutual Fund and Scheme Information Document of the scheme of HSBC Mutual 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.
   The redemption / switch-out of units from the Scheme are liable for deduction of Securities Transaction Tax (STT), wherever applicable; however, such STT shall be borne by AMC and will not be borne by the investor.

   Please note that the aforesaid tax neutrality on consolidation/ merger of similar mutual fund schemes or of plans/ options of similar mutual fund schemes is subject to compliance of SEBI (Mutual Funds) Regulations, 1996 and Units being held as 'Capital assets' as defined under the Income Tax Act, 1961. The above tax consequences are as per prevailing tax laws. In view of individual nature of tax consequences, Unit holders are advised to consult their financial and tax advisors with respect to tax and other financial implications arising out of their participation in merger of schemes.

7. **Other Information:**
   A separate written/email communication, containing the prescribed information in this regard is being sent to the existing Unit holders of the Merging Scheme and Surviving scheme. In case any existing Unit holder of merging scheme does not receive the same, or in case of any queries or clarifications, please call us on 1800 200 2434/ 1800 4190 200 or email us on investor.line@mutualfunds.hsbc.co.in.
   You may also visit any of the Investor Service Centres (ISC) of HSBC MF or visit Contact us at www.assetmanagement.hsbc.co.in for any other information.

Pursuant to above merger, all references to Merging Scheme stands deleted from SID & KIM of Schemes of HSBC Mutual Fund on or after the effective date. This addendum shall form an integral part of the SID/KIM of the Surviving Scheme as amended from time to time.

The updated SID and KIM of the Surviving Scheme containing the updated provisions shall be made available with our ISCs and also displayed on the website www.assetmanagement.hsbc.co.in immediately after completion of duration of exit option period.

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

Sd/-
Authorised Signatory

Place: Mumbai
Date: December 12, 2025

HSBC
Asset Management

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

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