



HSBC Large Cap Equity Fund

Large Cap Fund – An open ended equity Scheme predominantly investing in large cap stocks

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Large Cap Equity Fund (HLEF)

(Large Cap Fund – An open ended equity scheme predominantly investing in large cap stocks)

HLEF seeks to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of predominantly large cap companies. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HLEF amounted to Rs. 766.38 crores as at March 31, 2022 as against Rs. 700.54 crores as at March 31, 2021. Around 98.94% of the net assets were invested in equities, 1.44% of the net assets were invested in reverse repos/TREPS and (-0.38%) in net current assets as at March 31, 2022.

HLEF is a large cap fund and it remained invested in a diversified portfolio across large capitalization stocks. The scheme has outperformed its benchmark since inception however underperformed over a 1, 3 & 5-year periods. The 1-year performance compared to the benchmark was adversely impacted due to both stock selection and sector allocation factors. Stock selection in Cement, Technology and Consumer Staples dragged the performance. From a sectoral perspective, underweight in Utilities and Energy and overweight in Financials adversely impacted the performance.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant

Trustees' Report

For the year ended March 31, 2022 (Contd...)

companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The scheme's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth.

On the portfolio construction front (equity portion), the scheme continues to run a high conviction portfolio, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The Fund Manager remains focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. The positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays and underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.



As on 31st March 2022, the portfolio was overweight on Consumer discretionary (Autos), Financials (Lenders), Technology, Industrials, Real Estate, and Materials (Cement and Chemicals) while Healthcare has a neutral stance. Underweight sectors were Consumer Staples, Energy, Utilities & Communication Services.

Looking ahead, the AMC believes that the trend of profit pool consolidating with the dominant players in respective sectors/industries, is likely to accelerate that shift. The Fund Manager is positive on the theme of profit pool migration and consolidation visible across and within sector. So as a result, the AMC would be focusing on market leaders or dominant companies within each sector that are available at reasonable valuations. The AMC's bottom up stock selection also focuses on earnings growth and within that there is an emphasis on stocks that are likely to deliver positive earnings surprises.

Date of Inception : 10 December 2002	Absolute Returns (%)		Compounded Annualized Returns (%)	
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception
HSBC Large Cap Equity Fund - Growth	14.91	14.18	12.05	19.51
Nifty 100 TRI (Scheme Benchmark)	20.63	15.68	14.66	NA
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	17.16
Rs. 10,000, if invested in HLEF, would have become	11,491	14,900	17,669	312,633
Rs. 10,000, if invested in Nifty 100 TRI, would have become	12,063	15,500	19,822	NA
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	213,127

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on last business day of March 2022 for Growth Option of Regular Plan. Different plans shall have a different expense structure. As TRI data is not available Since Inception of the scheme, benchmark performance is calculated using composite CAGR of Nifty 100 TRI values from date 10-Dec- 2002 to date 31-May-2007 and TRI values since date 31-May-2007.

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Large Cap Equity Fund	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: NIFTY 100 TRI</p>  <p>RISKOMETER</p>

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product

Trustees' Report

For the year ended March 31, 2022 (Contd...)

labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

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For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Large Cap Equity Fund	3,261	12,241,839.29	334	12,975,495.72

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Large Cap Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Large Cap Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Large Cap Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYTLW2027

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	5,252.25
2	Reserves & Surplus	5,770.44
2.1	Unit Premium Reserves	(15,888.46)
2.2	Unrealised Appreciation Reserve	(15,085.63)
2.3	Other Reserves	23,336.38
3	Loans & Borrowings	23,212.24
4	Current Liabilities & Provisions	63,932.05
4.1	Provision for Doubtful Income/Deposits	56,261.70
4.2	Other Current Liabilities & Provisions	-
	TOTAL	78,104.56
		71,498.93
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	75,826.78
1.1.2	Preference Shares	69,485.29
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	75,826.78
		69,485.29
2	Deposits	7.75
3	Other Current Assets	3.28
3.1	Cash & Bank Balance	587.08
3.2	TREPS/Reverse Repo Lending	7.27
3.3	Others	1,101.01
4	Deferred Revenue Expenditure (to the extent not written off)	631.78
	TOTAL	78,104.56
		71,498.93

Notes to Accounts - Annexure I

Abridged Revenue Account for the Year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	600.48	452.99
1.2 Interest	38.30	38.68
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	11,530.29	6,070.55
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	20.01	23.21
(A)	12,189.08	6,585.43
2 EXPENSES		
2.1 Investment Management Fees	931.66	791.02
2.2 GST on Investment Management Fees	167.70	142.38
2.3 Transfer Agents Fees and Expenses	78.65	69.79
2.4 Custodian Fees	9.30	7.64
2.5 Trusteeship Fees	3.54	1.98
2.6 Commission to Agents	540.67	430.41
2.7 Marketing & Distribution Expenses	0.44	1.17
2.8 Audit Fees	1.76	3.48
2.9 Investor Education Expenses	15.23	12.55
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	15.92	14.77
(B)	1,764.87	1,475.19
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	10,424.21
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
		2,266.63
5 NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	10,424.21
6 Change in Unrealised Appreciation in Value of Investments	(F)	124.14
		23,212.24
7 NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	10,548.35
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(124.14)	(23,212.24)
7.3 Add/(Less) : Equalisation	(2,738.53)	(7,646.08)
7.4 Transfer from Reserve Fund	56,261.70	56,550.14
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	63,947.38	56,280.93
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(15.33)	(19.23)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	63,932.05	56,261.70

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	272.0638	165.1620
Regular Plan IDCW Option	34.5804	20.9928
Direct Plan – Growth Option	290.2409	174.5429
Direct Plan – IDCW Option	34.4522	22.2974
High		
Regular Plan Growth Option	336.2795	288.6384
Regular Plan IDCW Option	42.7424	36.6871
Direct Plan – Growth Option	361.4526	307.5676
Direct Plan – IDCW Option	42.6623	36.5097
Low		
Regular Plan Growth Option	261.7979	155.9940
Regular Plan IDCW Option	33.2755	19.8275
Direct Plan – Growth Option	279.4531	164.8671
Direct Plan – IDCW Option	33.1714	21.0614
End		
Regular Plan Growth Option	312.6348	272.0638
Regular Plan IDCW Option	39.7370	34.5804
Direct Plan – Growth Option	336.6810	290.2409
Direct Plan – IDCW Option	36.9983	34.4522
2. Closing Assets Under Management (Rs. in Lakhs)		
End	76,638	70,054
Average (AAuM) ¹	76,139	62,754
3. Gross income as % of AAuM ²	16.01%	10.49%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.44%	2.49%
Direct Plan	1.49%	1.55%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	1.24%	1.28%
Direct Plan	1.13%	1.16%
5. Net Income as a percentage of AAuM ³	13.69%	8.14%
6. Portfolio turnover ratio ⁴	0.50	0.62
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	3.00	2.50

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Plan IDCW Option	-	-
Direct Plan – IDCW Option	3.00	2.50
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	14.9123	64.7300
Direct Plan – Growth Option	16.0005	66.2900
Benchmark		
NIFTY 100 TRI +	20.6262	72.5400
b. Since Inception		
Scheme		
Regular Plan Growth Option	19.5065	19.7600
Direct Plan – Growth Option	13.1715	12.8300
Benchmark		
NIFTY 100 TRI +	NA +	16.99 +

+ For HSBC Large Cap Equity Fund Nifty 100 TRI index was launched on Jan 1, 2003 i.e. post date of allotment of HSBC Large Cap Equity Fund regular plan, the returns since inception are not available.

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	63,024,830	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Years March 31, 2022 and March 31, 2021 and percentage to net assets are as under:

Company Name	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
2022		2021		
Equity Shares				
– Appreciation	2,444,746,415	31.90	2,356,235,298	33.63
– Depreciation	111,108,094	1.45	35,010,841	0.50

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 3,819,082,317 and Rs. 4,350,404,668 respectively being 50.16% and 57.14% 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 2020-2021 (excluding accretion of discount) is Rs. 3,885,222,277 and Rs. 4,811,317,514 respectively being 61.91% and 76.67% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	47.20	49.55	21,371,841	42.90

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	52.05	43.50	14,158,590	39.11

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-2022	9.23	1.13	110,725	1.24

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	14.33	0.36	133,051	1.32

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	17,893,263.169	2,250,017.354	2,960,233.089	17,183,047.434	10
Regular Plan IDCW Option	36,072,579.512	234,820.655	4,463,484.238	31,843,915.929	10
Direct Plan - Growth Option	3,016,403.054	457,128.782	482,060.155	2,991,471.681	10
Direct Plan - IDCW Option	722,180.802	35,881.508	254,013.651	504,048.659	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	18,199,577.324	4,626,316.869	4,932,631.024	17,893,263.169	10
Regular Plan IDCW Option	49,636,919.952	858,285.479	14,422,625.919	36,072,579.512	10
Direct Plan - Growth Option	5,669,521.488	409,842.979	3,062,961.413	3,016,403.054	10
Direct Plan - IDCW Option	738,587.222	85,686.499	102,092.919	722,180.802	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 33,261.112 & as on March 31, 2021. is 33,261.112

- 5 Previous year figures have been re-grouped/re-arranged where necessary.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 20,01,235/- represents Exit load credited to the scheme. (2021: Rs. 2,321,455/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT.)

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Large Cap Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC")), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"),

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Flexi Cap Fund

Flexi Cap Fund. An open ended equity Scheme investing across large cap, mid cap, small cap stocks

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Flexi Cap Fund (HFCF)

Flexi Cap Fund - An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks.

HFCF seeks long term capital growth through investments made dynamically across market capitalization (i.e. Large, Mid, and Small Caps). The investment could be in any one, 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.

The net assets of HFCF amounted to Rs. 407.41 crores as at March 31, 2022 as compared to Rs. 362.33 crores as at March 31, 2021. Around 98.92% of the net assets were invested in equities, 1.48% of the net assets were invested in reverse repos/TREPS and (-0.40%) in net current assets as at March 31, 2022.

HFCF a flexi-cap fund,- remained invested in a diversified portfolio across all capitalization stocks. HFCF has out-performed its benchmark over the 1-year and since inception periods but it has underperformed its benchmark over 3-year and 5-year periods. The scheme's 1-year outperformance compared to the benchmark was largely due to strong stock selection. Sector allocation impact was negative. Being underweight in Utilities

Trustees' Report

For the year ended March 31, 2022 (Contd...)

and Energy hurt the performance. However, stock selection within Financials, Industrials (, Healthcare, and Consumer Discretionary contributed meaningfully to the performance.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The scheme's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth.

On the portfolio construction front (equity portion), the scheme continues to run a conviction portfolio, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The Fund Manager remains focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. The positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays and underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.



As on 31st March 2022, the portfolio was overweight on Consumer discretionary, Industrials, Financials (Lenders), Technology, Real Estate and Healthcare while Materials has a neutral stance. Underweight sectors were Consumer Staples, Energy, Utilities & Communication Services.

Looking ahead, the AMC believes that the trend of profit pool consolidating with the dominant players in respective sectors/industries, is likely to accelerate that shift. The Fund Manager is positive on the theme of profit pool migration and consolidation visible across and within sectors. So as a result, the AMC would be focusing on market leaders or dominant companies within each sectors that are available at reasonable valuations. The AMC's bottom up stock selection also focuses on earnings growth and within that there is an emphasis on stocks that are likely to deliver positive earnings surprises.

Date of Inception : 24 February 2004	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Flexi Cap Fund - Growth	22.35	13.54	11.11	15.26	
Nifty 500 TRI (Scheme Benchmark)	22.29	16.75	14.55	15.16	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	14.76	
Rs. 10,000, if invested in HFCF, would have become	12,235	14,651	16,940	130,826	
Rs. 10,000, if invested in Nifty 500 TRI, would have become	12,229	15,934	19,734	128,861	
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	120,982	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option of Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Flexi Cap Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: NIFTY 500 TRI</p> 

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII's saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Flexi Cap Fund	1,492	6,651,559.60	171	9,030,630.73

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Flexi Cap Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Flexi Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Flexi Cap Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYSWI1319

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	4,839.78
2	Reserves & Surplus	5,457.31
2.1	Unit Premium Reserves	(7,758.73)
2.2	Unrealised Appreciation Reserve	(7,194.97)
2.3	Other Reserves	15,067.09
3	Loans & Borrowings	28,623.40
4	Current Liabilities & Provisions	26,179.13
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	-
	TOTAL	41,231.03
		37,055.46
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	40,296.20
1.1.2	Preference Shares	35,858.85
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	40,296.20
		35,858.85
2	Deposits	9.78
3	Other Current Assets	1.88
3.1	Cash & Bank Balance	162.19
3.2	TREPS/Reverse Repo Lending	603.17
3.3	Others	159.69
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	41,231.03
		37,055.46

Notes to Accounts - Annexure I

Abridged Revenue Account for the Year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	244.24	210.57
1.2 Interest	21.57	15.46
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	5,264.61	5,683.31
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	5.79	3.65
(A)	5,536.21	5,912.99
2 EXPENSES		
2.1 Investment Management Fees	486.42	405.00
2.2 GST on Investment Management Fees	87.56	72.90
2.3 Transfer Agents Fees and Expenses	40.62	37.50
2.4 Custodian Fees	4.82	4.13
2.5 Trusteeship Fees	1.82	1.07
2.6 Commission to Agents	339.83	295.88
2.7 Marketing & Distribution Expenses	0.28	2.85
2.8 Audit Fees	0.85	1.80
2.9 Investor Education Expenses	7.87	6.74
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	8.35	8.32
(B)	978.42	836.19
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	4,557.79
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	4,557.79
6 Change in Unrealised Appreciation in Value of Investments	(F)	3,286.29
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	7,844.08
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(3,286.29)	(11,780.79)
7.3 Add/(Less) : Equalisation	(2,106.42)	(6,404.81)
7.4 Transfer from Reserve Fund	26,179.13	26,836.53
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	28,630.50	26,184.38
9 Dividend Appropriation		
9.1 Income Distributed during the Year	7.10	(5.25)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	28,623.40	26,179.13

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	106.9316	62.8951
Regular Plan IDCW Option	28.7924	16.9351
Direct Plan - Growth Option	114.5703	66.6134
Direct Plan - IDCW Option	27.9996	17.7475
High		
Regular Plan Growth Option	142.8332	112.1386
Regular Plan IDCW Option	38.4591	30.1944
Direct Plan - Growth Option	154.4680	119.9771
Direct Plan - IDCW Option	37.7271	31.9480
Low		
Regular Plan Growth Option	103.7732	59.6916
Regular Plan IDCW Option	27.9419	16.0726
Direct Plan - Growth Option	111.2284	63.2267
Direct Plan - IDCW Option	27.1824	16.8451
End		
Regular Plan Growth Option	130.8263	106.9316
Regular Plan IDCW Option	35.2261	28.7924
Direct Plan - Growth Option	141.8287	114.5703
Direct Plan - IDCW Option	31.5367	27.9996
2. Closing Assets Under Management (Rs. in Lakhs)		
End	40,741	36,233
Average (AAuM) ¹	39,331	33,692
3. Gross income as % of AAuM ²	14.08%	17.55%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.54%	2.53%
Direct Plan	1.37%	1.38%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	1.25%	1.21%
Direct Plan	1.02%	1.01%
5. Net Income as a percentage of AAuM ³	11.59%	15.07%
6. Portfolio turnover ratio ⁴	0.51	0.74
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	-	-
Direct Plan - IDCW Option	3.00	2.50

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Plan IDCW Option	-	-
Direct Plan - IDCW Option	3.00	2.50
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	22.3458	70.0200
Direct Plan - Growth Option	23.7919	71.9900
Benchmark		
Nifty 500 TRI	22.2891	77.5800
b. Since Inception		
Scheme		
Regular Plan Growth Option	15.2559	14.8500
Direct Plan - Growth Option	15.2160	14.2200
Benchmark		
Nifty 500 TRI	15.1596	14.7600

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	26,785,828	56,482,738
Bharti Airtel Ltd.	Equities	–	–	14,038,890	470,907,573
Max Financial Services Ltd.	Equities	–	–	43,457,402	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Years March 31, 2022 and March 31, 2021 and percentage to net assets are as under:

Security Category	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
2022		2021		
Equity Shares				
– Appreciation	1,560,024,529	38.29	1,291,178,273	35.63
– Depreciation	53,316,017	1.31	113,098,889	3.12

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) is Rs. 2,003,660,878 and Rs. 2,415,029,927 respectively being 50.94% and 61.40% 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 2020-21(excluding accretion of discount) is Rs. 2,486,138,976 and Rs. 3,390,673,491 respectively being 73.79% and 100.64% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	34.13	52.90	16,533,049	53.14

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	8.51	29.26	12,695,073	50.92

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-2022	6.44	1.48	77,154	1.52

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	3.53	0.19	42,367	0.62

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	24,878,244.702	4,415,378.895	5,952,128.923	23,341,494.674	10
Regular Plan IDCW Option	28,229,667.661	214,192.836	4,951,972.593	23,491,887.904	10
Direct Plan - Growth Option	1,249,062.884	164,696.310	84,532.862	1,329,226.332	10
Direct Plan - IDCW Option	216,173.662	49,655.959	30,666.099	235,163.522	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	30,776,301.465	2,812,798.598	8,710,855.361	24,878,244.702	10
Regular Plan IDCW Option	41,231,153.056	409,597.558	13,411,082.953	28,229,667.661	10
Direct Plan - Growth Option	1,701,936.019	111,554.764	564,427.899	1,249,062.884	10
Direct Plan - IDCW Option	200,381.870	33,666.242	17,874.450	216,173.662	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 76942.845 & as on March 31, 2021 is 76942.845.

- 5 Previous years figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 579,235/- represents Exit load credited to the scheme. (2021: Rs. 364,984/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 5, 2020, 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 1, 2021.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Flexi Cap Fund	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 **Change in fundamental attribute of HSBC Multi Cap Equity Fund and renaming of the scheme as HSBC Flexi Cap Fund**

HSBC Multi Cap Equity Fund (the Scheme) was classified as 'Multi Cap Fund' in terms of the provisions of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 investing minimum 65% in equity and equity related securities across large cap, midcap and small cap stocks.

However, vide its circular no. SEBI/HO/IMD/DF3/CIR/P/2020/172 dated September 11, 2020, SEBI modified the scheme characteristics of "Multi Cap Fund" and prescribed minimum 75% investments in equity and equity related instruments subject to minimum 25% investments each in Large Cap, Mid Cap and Small Cap companies. This modified minimum asset allocation was required to be complied with by January 31, 2021.

Further, vide its circular dated SEBI/HO/IMD/DF3/CIR/P/2020/228 dated November 06, 2020, SEBI has introduced a new category named "Flexi Cap Fund" under Equity Schemes with the characteristics of minimum 65% investment in equity & equity related instruments. The existing scheme characteristics of HSBC Multi Cap Equity Fund were similar to the newly introduced category "Flexi Cap Fund". Accordingly, it was decided to re-categorize the Scheme as Flexi Cap Fund by changing the fundamental attributes of

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

the Scheme in accordance with the provisions of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.

The Board of Directors of HSBC Asset Management (India) Pvt. Ltd. and Board of Trustees of HSBC Mutual Fund, vide their resolutions dated November 24, 2020 and November 26, 2020 respectively, approved the aforesaid proposal. Also, SEBI vide its email dated December 21, 2020 took note of the proposal for change in the fundamental attributes of the Scheme.

Accordingly, a notice was published in the newspapers on December 24, 2020 giving an option to the unit holders to exit from the Scheme during the period from December 29, 2020 to January 27, 2021 (both days inclusive) at the applicable NAV, without payment of exit load. Effective date for the change in the fundamental attributes of the Scheme was January 28, 2021.

- 16 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 17 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time..

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Tax Saver Equity Fund

An open ended Equity Linked Saving Scheme with a statutory lock-in of 3 years and tax benefit

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Tax Saver Equity Fund (HTSF)

(An open ended Equity Linked Saving Scheme with a statutory lock-in of 3 years and tax benefit.)

HTSF seeks 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.

The net assets of HTSF amounted to Rs. 195.27 crores as at March 31, 2022 compared to Rs. 169.44 crores as at March 31, 2021. Around 97.58% of the net assets were invested in equities, 1% of the net assets were invested in reverse repos/TREPS and 1.42% in net current assets as at March 31, 2022.

During the year, HTSF remained invested in a diversified portfolio across all capitalization stocks. HTSF outperformed its benchmark over the 1-year and since inception periods but underperformed over 3-year and 5-year periods. The 1-year performance compared to the benchmark has been driven by overweight in Healthcare, Financials, Industrial and Consumer Discretionary. Outperformance during this period was largely driven by stock selection.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant

Trustees' Report (Contd...)

For the year ended March 31, 2022

companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The scheme's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth.



On the portfolio construction front, the scheme continues to run a high conviction portfolio. The portfolio is well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The Fund Manager remains focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. The positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays and underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy. The scheme is currently overweight in Consumer Discretionary, Financials, Healthcare, Industrials & Real Estate sectors, neutral in IT and underweight in Consumer Staples, Energy, Materials, Utilities and Communication Services

We are currently in a period of heightened uncertainty; driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis arising from the Russia- Ukraine conflict. Many of these factors are intertwined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both, drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation). Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022. As a result, the equity markets are likely to remain volatile over next 12 months though the longer term outlook still remains very positive.

Date of Inception : 5 January 2007	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Tax Saver Equity Fund – Growth	23.48	14.41	11.09	11.99	
Nifty 500 TRI (Scheme Benchmark)	22.29	16.75	14.55	11.62	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	11.50	
10,000, if invested in HTSF, would have become	12,348	14,991	16,922	56,156	
10,000, if invested in Nifty 500 TRI, would have become	12,229	15,934	19,734	53,464	
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	52,559	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option of Regular Plan. Different plans shall have a different expense structure. As TRI data is not available Since Inception of the scheme, benchmark performance is calculated using composite CAGR of Nifty 500 TRI values from date 05-Jan-2007 to date 29-Jun-2007 and TRI values since date 29-Jun-2007.

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Tax Saver Equity Fund	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: NIFTY 500 TRI</p>  <p>RISKOMETER</p>

Trustees' Report (Contd...)

For the year ended March 31, 2022

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report (Contd...) **For the year ended March 31, 2022**

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report (Contd...)

For the year ended March 31, 2022

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report (Contd...)

For the year ended March 31, 2022

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

Trustees' Report (Contd...)

For the year ended March 31, 2022

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Tax Saver Equity Fund	5,053	9,221,340.68	185	4,888,151.57

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report (Contd...)

For the year ended March 31, 2022

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

Trustees' Report (Contd...)

For the year ended March 31, 2022

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report (Contd...)

For the year ended March 31, 2022

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Tax Saver Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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 (Contd...)

For the year ended March 31, 2022

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report (Contd...)

For the year ended March 31, 2022

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Tax Saver Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Tax Saver Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYXIN3909

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	4,242.30
2	Reserves & Surplus	4,542.69
2.1	Unit Premium Reserves	(3,581.01)
2.2	Unrealised Appreciation Reserve	(3,326.36)
2.3	Other Reserves	7,590.11
3	Loans & Borrowings	11,293.45
4	Current Liabilities & Provisions	10,234.04
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	378.91
	TOTAL	19,923.76
		17,179.51
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	19,049.34
1.1.2	Preference Shares	16,769.53
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	19,049.34
		16,769.53
2	Deposits	3.00
3	Other Current Assets	1.65
3.1	Cash & Bank Balance	93.04
3.2	TREPS / Reverse Repo Lending	195.02
3.3	Others	583.36
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	19,923.76
		17,179.51

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	120.31	96.65
1.2 Interest	7.40	7.62
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	2,169.07	832.23
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	-	0.03
	(A) 2,296.78	936.53
2 EXPENSES		
2.1 Investment Management Fees	259.08	195.27
2.2 GST on investment Management Fees	46.63	35.15
2.3 Transfer Agents Fees and Expenses	19.71	16.16
2.4 Custodian Fees	2.34	1.77
2.5 Trusteeship Fees	0.89	0.45
2.6 Commission to Agents	130.69	98.38
2.7 Marketing & Distribution Expenses	0.22	0.46
2.8 Audit Fees	0.41	0.84
2.9 Investor Education Expenses	3.82	2.90
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	4.67	4.36
	(B) 468.46	355.74
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) 1,828.32	580.79
4 Change in Unrealised Depreciation in Value of Investments	(D) -	899.71
5 NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) 1,828.32	1,480.50
6 Change in Unrealised Appreciation in Value of Investments	(F) 2,090.49	5,499.62
7 NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) 3,918.81	6,980.12
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(2,090.49)	(5,499.62)
7.3 Add/(Less) : Equalisation	(620.01)	(684.38)
7.4 Transfer from Reserve Fund	10,234.04	9,521.73
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	11,442.35	10,317.85
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(148.90)	(83.81)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	11,293.45	10,234.04

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	45.4780	27.7477
Regular Plan IDCW Option	22.4464	14.0179
Direct Plan – Growth Option	48.7781	29.3882
Direct Plan – IDCW Option	23.6978	14.7860
High		
Regular Plan Growth Option	60.3622	47.8186
Regular Plan IDCW Option	29.7927	23.6016
Direct Plan – Growth Option	65.3954	51.2085
Direct Plan – IDCW Option	31.7205	24.8850
Low		
Regular Plan Growth Option	44.1134	26.3452
Regular Plan IDCW Option	21.7729	13.3094
Direct Plan – Growth Option	47.3341	27.9058
Direct Plan – IDCW Option	22.9947	14.0399
End		
Regular Plan Growth Option	56.1559	45.4780
Regular Plan IDCW Option	26.7156	22.4464
Direct Plan – Growth Option	60.9947	48.7781
Direct Plan – IDCW Option	28.4709	23.6978
2. Closing Assets Under Management (Rs. in Lakhs)		
End	19,527	16,944
Average (AAuM) ¹	19,088	14,485
3. Gross income as % of AAuM ²	12.03%	6.47%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.50%	2.50%
Direct Plan	1.26%	1.26%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	1.37%	1.36%
Direct Plan	0.93%	0.91%
5. Net Income as a percentage of AAuM ³	9.58%	4.01%
6. Portfolio turnover ratio ⁴	0.26	0.50
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	1.00	0.50
Direct Plan – IDCW Option	1.10	0.75
Corporate		
Regular Plan IDCW Option	1.00	0.50
Direct Plan – IDCW Option	1.10	0.75

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	23.4793	63.9000
Direct Plan – Growth Option	25.0453	65.9800
Benchmark		
NIFTY 500 TRI +	22.2891	76.2600
b. Since Inception		
Scheme		
Regular Plan Growth Option	11.9852	11.2200
Direct Plan – Growth Option	14.8416	13.6600
Benchmark		
NIFTY 500 TRI +	11.6200	11.2700 +

+ For HSBC Tax Saver Equity Fund :The benchmark of the scheme has been changed from S&P BSE 200 TRI to NIFTY 500 TRI with effect from December 1, 2021.

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies are as under :

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022	2021	2022	2021
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	25,235,716	470,907,573
Max Financial Services Ltd.	Equities	–	–	12,143,587	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

Company Name	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022	2021	2022	2021
Equity Shares				
– Appreciation	780,387,130	39.97	557,210,037	32.89
– Depreciation	21,376,288	1.09	7,248,527	0.43

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) is Rs. 488,262,367 and Rs. 686,243,795 respectively being 25.58% and 35.95% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) is Rs. 721,366,775 and Rs. 845,141,170 respectively being 49.80% and 58.35% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022****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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	0.84	12.19	1,101,015	10.76

Name of Sponsor/ AMC and its associates / related parties /group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	0.99	21.35	716,565	10.20

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-2022			Nil	

Name of Sponsor/ AMC and its associates/related parties /group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	1.23	0.16	6,126	0.33

The brokerage paid was at rates similar to those offered to other brokers / distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	27,962,580.913	702,896.014	2,264,420.593	26,401,056.334	10
IDCW Option	16,009,394.705	169,752.108	1,695,815.285	14,483,331.528	10
Direct Plan - Growth Option	1,175,605.072	192,732.266	102,354.887	1,265,982.451	10
Direct Plan - IDCW Option	279,296.073	38,011.254	44,727.021	272,580.306	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	30,014,830.283	769,595.147	2,821,844.517	27,962,580.913	10
IDCW Option	17,362,337.286	178,436.282	1,531,378.863	16,009,394.705	10
Direct Plan - Growth Option	1,107,747.095	168,255.382	100,397.405	1,175,605.072	10
Direct Plan - IDCW Option	267,331.023	45,433.140	33,468.090	279,296.073	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 187,801.892 and as on March 31, 2021 is 187,801.892.

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income Rs. Nil (2021: Rs. 2,548/- represents Penal Interest received from Bank towards delay of RTGS/NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DFZ/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 5, 2020, 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 1, 2021.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-O-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Tax Saver Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir/8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Equity Hybrid Fund

Aggressive Hybrid fund – An open ended hybrid scheme investing predominantly in equity and equity related instruments

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Equity Hybrid Fund (HEHF)

(An open ended hybrid scheme investing predominantly in equity and equity related instruments)

HEHF seeks to provide long term capital growth and income through investments in equity and equity related securities and fixed income instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HEHF amounted to Rs. 500.27 crores as at March 31, 2022 as compared to Rs 487.46 crore as on March, 31 2021. Around 71.24% of the net assets were invested in equities, 23.22% were invested in Debt and money market securities, 5.10% of the net assets were invested in reverse repos/TREPS and 0.44% in net current assets as at March 31, 2022.

HEHF is an asset allocation product with a mix of equity and debt, falling in the aggressive category of equity hybrid schemes. The fund's mandate provides flexibility to have an equity allocation between 65 – 80% of the portfolio while debt exposure will range between 20 – 35%. The equity portion follows a flexi-cap strategy. The scheme has underperformed its benchmark over 1-year, 3-year and since inception periods. The equity allocation in the fund stood at 71.24% as of 31 March 2022. The adverse impact of the equity portion on the scheme's performance compared to the equity benchmark during the past year was largely

Trustees' Report

For the year ended March 31, 2022 (Contd...)

on account of sector allocation in Utilities, Energy (both underweight) and Financials (overweight). Stock selection contributed positively to the performance with selection within Financials, Consumer Discretionary and Healthcare being the main drivers.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The Fund's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth.



On the portfolio construction front (equity portion), the scheme continues to run a high conviction portfolio, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The Fund Manager remains focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. The positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays and underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

Currently, the equity portion of the portfolio is overweight on Financials (lenders), Industrials, Healthcare, Materials, Real Estate & Consumer Discretionary sectors, while Technology has a neutral stance. Underweight sectors are Consumer Staples, Energy, Utilities & Communication Services.

Date of Inception : 22 October 2018	Absolute Returns (%)		Compounded Annualized Returns (%)		
	1 Year	3 Years	5 Years	Since Inception	
HSBC Equity Hybrid Fund - Growth	14.61	12.88	NA	14.01	
CRISIL Hybrid 35+65 - Aggressive Fund Index (Scheme Benchmark)	15.29	14.51	NA	15.93	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	NA	18.11	
10,000, if invested in HEHF, would have become	11,461	14,399	NA	15,704	
10,000, if invested in CRISIL Hybrid 35+65 - Aggressive Fund Index, would have become	11,529	15,032	NA	16,630	
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	NA	17,730	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Equity Hybrid Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: CRISIL Hybrid 35+65 Aggressive Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product

Trustees' Report

For the year ended March 31, 2022 (Contd...)

labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

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For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

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For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Equity Hybrid Fund	3	13,239.34	1	15,000.00

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

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For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

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11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Equity Hybrid Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Equity Hybrid Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Equity Hybrid Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net deficit for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYSGD3408

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	35,548.58
	31,869.75	
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(2,506.79)
2.2	Unrealised Appreciation Reserve	10,458.37
2.3	Other Reserves	5,237.81
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	256.20
	261.32	
	50,226.07	48,994.17
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	35,960.44
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	4,645.52
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	6,441.76
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	-
	6,443.85	
	47,257.33	47,047.72
2	Deposits	3.11
3	Other Current Assets	
3.1	Cash & Bank Balance	1.10
3.2	TREPS/Reverse Repo Lending	1,602.79
3.3	Others	339.45
4	Deferred Revenue Expenditure (to the extent not written off)	-
	50,226.07	48,994.17

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	302.09	275.64
1.2 Interest	872.01	865.02
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	7,104.28	4,186.45
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	22.47	12.16
(A)	8,300.85	5,339.27
2 EXPENSES		
2.1 Investment Management Fees	500.54	494.97
2.2 GST on Investment Management Fees	90.10	89.09
2.3 Transfer Agents Fees and Expenses	52.87	55.11
2.4 Custodian Fees	5.24	5.44
2.5 Trusteeship Fees	2.37	1.61
2.6 Commission to Agents	586.36	561.34
2.7 Marketing & Distribution Expenses	0.32	0.90
2.8 Audit Fees	1.05	2.42
2.9 Investor Education Expenses	10.24	9.97
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	9.83	9.65
(B)	1,258.92	1,230.50
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	7,041.93
4 Change in Unrealised Depreciation in Value of Investments	(D)	(91.18)
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	6,950.75
6 Change in Unrealised Appreciation in Value of Investments	(F)	225.30
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	7,176.05
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(225.30)	(10,326.13)
7.3 Add/(Less) : Equalisation	(887.30)	(773.88)
7.4 Transfer from Reserve Fund	5,237.81	(3,523.75)
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	11,301.26	5,237.81
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(154.96)	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	11,146.30	5,237.81

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	13.7021	9.2063
Regular Plan IDCW Option	13.7021	9.2063
Direct Plan – Growth Option	14.1832	9.3902
Direct Plan – IDCW Option	14.1627	9.3831
High		
Regular Plan Growth Option	16.5790	14.2439
Regular Plan IDCW Option	16.5621	14.2439
Direct Plan – Growth Option	17.3652	14.7173
Direct Plan – IDCW Option	17.2502	14.6975
Low		
Regular Plan Growth Option	13.4008	8.8586
Regular Plan IDCW Option	13.4008	8.8586
Direct Plan – Growth Option	13.8781	9.0366
Direct Plan – IDCW Option	13.8576	9.0298
End		
Regular Plan Growth Option	15.7037	13.7021
Regular Plan IDCW Option	14.8353	13.7021
Direct Plan – Growth Option	16.4978	14.1832
Direct Plan – IDCW Option	15.5374	14.1627
2. Closing Assets Under Management (Rs. in Lakhs)		
End	50,027	48,746
Average (AAuM) ¹	51,190	49,851
3. Gross income as % of AAuM ²	16.22%	10.71%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.48%	2.49%
Direct Plan	1.00%	1.02%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.98%	1.00%
Direct Plan	0.72%	0.72%
5. Net Income as a percentage of AAuM ³	13.76%	8.24%
6. Portfolio turnover ratio ⁴	0.69	0.80
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	0.90	–
Direct Plan – IDCW Option	0.95	–
Corporate		
Regular Plan IDCW Option	0.90	–
Direct Plan – IDCW Option	0.95	–

Key Statistics for the period ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	14.6080	48.8300
Direct Plan – Growth Option	16.3193	51.0400
Benchmark		
CRISIL Hybrid 35+65 – Aggressive Fund Index +	15.2944	58.4200
b. Since Inception		
Scheme		
Regular Plan Growth Option	14.0143	13.7700
Direct Plan – Growth Option	15.6605	15.3900
Benchmark		
CRISIL Hybrid 35+65 - Aggressive Fund Index +	15.9299	16.3800

+ For HSBC Equity Hybrid Fund : The benchmark of the scheme has been changed from A customized index with 70% weight to S&P BSE 200 and 30% weight to CRISIL Composite Bond Fund Index to CRISIL Hybrid 35+65 Aggressive Index with effect from December 1, 2021.

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies are as under :

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	14,449,786	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

Company Name	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equity Shares				
– Appreciation	1,112,766,323	22.24	1,062,249,501	21.79
– Depreciation	44,399,176	0.89	25,856,605	0.53
Non-Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	250,950	0.01	10,243,000	0.21
– Depreciation	2,376,620	0.05	798,605	0.02
Government Securities				
– Appreciation	–	–	396,739	0.01
– Depreciation	15,727,904	0.31	9,132,240	0.18

~ Indicates less than 0.01

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) is Rs. 3,530,687,178 and Rs. 4,233,614,607 respectively being 68.97% and 82.70% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) is Rs. 3,974,797,612 and Rs. 5,771,886,915 respectively being 79.73% and 115.78% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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

Security Category	Fair Value (Rupees)	Percentage to Net Assets	Fair Value (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	516,825,690	10.33	360,603,350	7.40
Total	516,825,690	10.33	360,603,350	7.40

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	67.55	61.96	35,735,989	60.80

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	30.79	52.32	30,513,813	59.65

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2021-2022			Nil	

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	3.72	0.05	18,566.25	0.29

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	327,576,983.031	66,309,222.595	94,661,639.300	299,224,566.326	10
IDCW Option	21,882,305.819	428,066.098	8,109,084.254	14,201,287.663	10
Direct Plan - Growth Option	5,917,685.960	612,779.285	1,361,951.659	5,168,513.586	10
Direct Plan - IDCW Option	108,857.966	2,993.234	8,696.987	103,154.213	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	482,888,384.264	42,548,097.495	197,859,498.728	327,576,983.031	10
IDCW Option	34,994,065.053	1,590,135.126	14,701,894.360	21,882,305.819	10
Direct Plan - Growth Option	6,712,214.205	957,131.961	1,751,660.206	5,917,685.960	10
Direct Plan - IDCW Option	154,098.898	10,122.813	55,363.745	108,857.966	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 500,000 & as on March 31, 2021 is 500,000.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income of Rs. 22,47,171/- represents Exit load credited to the scheme. (2021 : Rs. 1,215,841/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS /NEFT).
- 8 Previous year figures have been re-grouped/re-arranged where necessary.
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 5, 2020, 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.
- 12 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.
- 13 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.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Equity Hybrid Fund	Very High	Very High	0

^ From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29,

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Mid Cap Fund

Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the period ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Mid Cap Fund (HMCF)

(Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks)

HMCF seeks to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of predominantly mid cap companies. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HMCF amounted to Rs. 1,165.73 crores as on March 31, 2022. Around 99.34% of the net assets were invested in equities, 0.70% of the net assets were invested in reverse repos/TREPS and (-0.04%) in net current assets as at March 31, 2022. The inception date of the fund was September 24, 2021.

HMCF is a mid-cap focused fund and it remained invested in a diversified portfolio of mid cap stocks predominantly. HMCF was launched in September 2021 and hence doesn't have one-year history of performance. The scheme was launched to capture long term opportunities emerging in midcap space in India. The scheme aims to invest in scalable businesses that are outperforming their market segment, that have great track record of execution and are leader/strong challenger in their respective segment. HMCF's portfolio reflects this underlying thought process.

Trustees' Report



For the period ended March 31, 2022 (Contd...)

The Fund is positive on exports given the diversification of global supply chains and improved competitiveness of Indian players. Strong growth in end user markets is also aiding to the overall growth of the segment. Export driven businesses constitute a significant part of our portfolio. In addition, the fund is positive on the "Make in India" theme given the strong push by the Government. At sectoral level, the scheme's portfolio is currently overweight on Speciality chemicals, Information Technology and Healthcare space while maintaining an underweight stance on Financials, Energy and Communication Services.

Date of Inception : 24 September 2021	Absolute Returns (%)		Compounded Annualized Returns (%)		
	6 months	1 year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Mid Cap Fund	-8.85	NA	NA	NA	-8.46
S&P BSE 150 MidCap TRI (Scheme Benchmark)	-4.02	NA	NA	NA	-3.39
Nifty 50 TRI (Additional Benchmark)	-0.93	NA	NA	NA	-3.44
10,000, if invested in HMCF, would have become	9,547	NA	NA	NA	9,564
10,000, if invested in S&P BSE 150 MidCap TRI, would have become	9,797	NA	NA	NA	9,825
10,000, if invested in Nifty 50 TRI, would have become	9,954	NA	NA	NA	9,823

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Mid Cap Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: S&P BSE 150 MidCap TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal

Trustees' Report

For the period ended March 31, 2022 (Contd...)

years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

► DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FII Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FII flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FII flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict

Trustees' Report

For the period ended March 31, 2022 (Contd...)

in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with

FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and executed between the Trustees and the AMC. SEBI approved the AMC to act as

Trustees' Report

For the period ended March 31, 2022 (Contd...)

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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Mid Cap Fund	-	-	2	14,873.66

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0

Trustees' Report

For the period ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

Trustees' Report

For the period ended March 31, 2022 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 25 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 have been

Trustees' Report

For the period ended March 31, 2022 (Contd...)

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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Mid Cap Fund	Very High~	Very High	0

~ Scheme launched during the financial year 2021- 2022. Risk-o-meter at the time of Scheme launch is provided.

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/ non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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,

Trustees' Report

For the period ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Mid Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Mid Cap Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net deficit for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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) of the Eleventh Schedule of the SEBI Regulations, we report that:

Independent Auditors' Report (Contd...)

- 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYUHK7750

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

As at
March 31, 2022[#]

LIABILITIES		
1	Unit Capital	121,873.34
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(72.47)
2.2	Unrealised Appreciation Reserve	-
2.3	Other Reserves	(5,225.48)
3	Loans & Borrowings	
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	563.68
	TOTAL	117,139.07
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	115,802.54
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	115,802.54
2	Deposits	12.47
3	Other Current Assets	
3.1	Cash & Bank Balance	8.06
3.2	TREPS/Reverse Repo Lending	819.63
3.3	Others	496.37
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	117,139.07

[#] Scheme launched during the current financial year

Notes to Accounts - Annexure I

Abridged Revenue Account for the period ended March 31, 2022

Rs. in Lakhs

	Current period ended March 31, 2022 #
1 INCOME	
1.1 Dividend	205.85
1.2 Interest	621.44
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	171.00
1.6 Realised Gains/(Losses) on Derivative Transactions	-
1.7 Other Income	124.44
(A)	1,122.73
2 EXPENSES	
2.1 Investment Management Fees	565.48
2.2 GST on investment Management Fees	101.79
2.3 Transfer Agents Fees and Expenses	67.14
2.4 Custodian Fees	6.16
2.5 Trusteeship Fees	2.58
2.6 Commission to Agents	679.49
2.7 Marketing & Distribution Expenses	0.11
2.8 Audit Fees	2.45
2.9 Investor Education Expenses	13.24
2.10 Interest on Borrowing	-
2.11 Other Operating Expenses	14.88
(B)	1,453.32
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) (330.59)
4 Change in Unrealised Depreciation in Value of Investments	(D) (5,331.60)
5 NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) (5,662.19)
6 Change in Unrealised Appreciation in Value of Investments	(F) -
7 NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) (5,662.19)
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	-
7.3 Add/(Less) : Equalisation	436.71
7.4 Transfer from Reserve Fund	-
7.5 Transfer from Unit Premium Reserve	-
8 Total	(5,225.48)
9 Dividend Appropriation	
9.1 Income Distributed during the Year	-
9.2 Tax on Income Distributed during the Year	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	(5,225.48)

Scheme launched during the current financial year

Notes to Accounts - Annexure I

Key Statistics for the period ended March 31, 2022

Current
period ended
March 31, 2022[#]

1. NAV per unit (Rs.):

Open

Regular Plan Growth Option	–
Regular Plan IDCW Option	–
Direct Plan – Growth Option	–
Direct Plan – IDCW Option	–

High

Regular Plan Growth Option	10.5909
Regular Plan IDCW Option	10.5909
Direct Plan – Growth Option	10.6360
Direct Plan – IDCW Option	10.6360

Low

Regular Plan Growth Option	8.6279
Regular Plan IDCW Option	8.6279
Direct Plan – Growth Option	8.6814
Direct Plan – IDCW Option	8.6814

End

Regular Plan Growth Option	9.5643
Regular Plan IDCW Option	9.5643
Direct Plan – Growth Option	9.6330
Direct Plan – IDCW Option	9.6330

2. Closing Assets Under Management (Rs. in Lakhs)

End	116,573
Average (AAuM) ¹	127,825

3. Gross income as % of AAuM²

1.70%

4. Expense Ratio:

a. Total Expense as % of AAuM (including GST on Management fees) (planwise)

Regular Plan (Continue)	2.21%
Direct Plan	0.83%

b. Management Fee as % of AAuM (planwise)

Regular Plan (Continue)	0.86%
Direct Plan	0.57%

5. Net Income as a percentage of AAuM³

-0.50%

6. Portfolio turnover ratio⁴

0.05

Key Statistics for the period ended March 31, 2022 (Contd...)

Current
period ended
March 31, 2022[#]

7. Total Dividend per unit distributed during the year (planwise)

Retail

Regular Plan IDCW Option	–
Direct Plan – IDCW Option	–

Corporate

Regular Plan IDCW Option	–
Direct Plan – IDCW Option	–

8. Returns (%):

a. Last One Year

Scheme

Regular Plan – Growth Option	N.A
Direct Plan – Growth Option	N.A

Benchmark

S&P BSE 150 MidCap TRI ⁺	N.A
-------------------------------------	-----

b. Since Inception

Scheme

Regular Plan – Growth Option	-7.13% ¥
Direct Plan – Growth Option	-8.46% ¥

Benchmark

S&P BSE 150 MidCap TRI ⁺	-3.39% ¥
-------------------------------------	----------

[#] Scheme launched during the current financial year

¥ For HSBC Midcap Fund, since scheme has not completed one year, since inception scheme & benchmark returns are simple annualised returns.

+ For HSBC Mid Cap Fund : The benchmark of the scheme has been changed from Nifty Midcap 150 Index TRI to S&P BSE 150 MidCap TRI with effect from December 2, 2021.

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of period ended March 31, 2022 is NIL.
- 1.3. Investments in Associates and Group Companies as on March 31, 2022 is Nil.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the period ended March 31, 2022 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 is NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

(Rupees)

Company Name	Amount (Rs.)	Percentage to Net Assets
	2022	
Equity Shares		
– Appreciation	534,606,195	4.59
– Depreciation	1,067,765,960	9.16

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) is Rs. 12,696,755,138 and Rs. 600,832,403 respectively being 191.83% and 9.08% of the average net assets.
- 1.8. Non-Traded securities in the portfolio of the scheme as of the period ended March 31, 2022 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 2021-22, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	1,147.97	83.06	36,189,799	71.82

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/ Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil.
- (ii) Devolvement - Nil.

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

To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022

- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil.
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil.
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the period ended March 31, 2022.
- 4 Unit Capital movement during the period ended March 31, 2022:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	-	1,335,866,230.428	148,346,312.352	1,187,519,918.076	10
IDCW Option	-	14,358,186.805	436,777.963	13,921,408.842	10
Direct Plan - Growth Option	-	23,711,490.038	6,631,236.378	17,080,253.660	10
Direct Plan - IDCW Option	-	217,124.515	5,303.715	211,820.800	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 499,975.001.

- 5 As these are the first financial statements of the schemes since the date of launch, there are no prior period comparatives.
- 6 No contingent liabilities for the period ended March 31, 2022.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 12,443,824/- represents Exit load credited to the scheme.
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount (in Rs. Lacs)	Amount (in Rs. Lacs)
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs

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

To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022

declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 12 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 period is NIL.
- 13 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the period is NIL.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Mid Cap Fund	Very High ~	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

~ Scheme launched during the financial year 2021-22. Risk-o-meter at the time of launch is provided.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Scheme launched during the current financial year

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Infrastructure Equity Fund

An open ended Equity Scheme following Infrastructure theme

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Infrastructure Equity Fund (HIEF)

(An open ended equity scheme following Infrastructure theme.)

HIEF seeks to generate long term capital appreciation from an actively managed portfolio of equity and equity related securities by investing predominantly in equity and equity related securities of companies engaged in or expected to benefit from growth and development of Infrastructure in India. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HIEF amounted to Rs. 110.98 crores as at March 31, 2022 as compared to Rs. 97.61 crores as at March 31, 2021. Around 98.96% of the net assets were invested in equities, 1.42% of the net assets were invested in reverse repos/TREPS and (-0.38%) in net current assets as at March 31, 2022.

HIEF is a theme based fund with focus on infrastructure segment. The outlook for infrastructure sector has meaningfully improved in recent year, on back of government push, despite the COVID and fiscal challenges.

During 1-year and 3-years period, the underperformance was largely driven by the scheme being underweight in Utilities which has been the major driver of outperformance for the benchmark Index. During 1-year period, underweight in Energy has also contributed to underperformance. Overall during 1-year and 3- years period,

Trustees' Report

For the year ended March 31, 2022 (Contd...)

the scheme's benchmark index outperformance was driven by few stocks with relatively very high weight in the index. The AMC's view on these stocks has been negative and believe that these will mean revert. During the 5- years period, the primary reason of underperformance was high exposure to the lower end of the market cap curve. The scheme's portfolio has been more balanced during the last couple of years and as a result underperformance over longer period is coming down.

The Trustees are of the view that the Government's renewed focus would continue for the next few years and the Government capex will be followed by the private capex. The overall infrastructure theme capex cycle in the next 2-3 years looks positive. Hence, we believe this theme to do well in medium term to long term and therefore, expect the scheme to do well in medium to long term too.



Date of Inception : 23 February 2006	Absolute Returns (%)		Compounded Annualized Returns (%)		
	1 Year	3 Years	5 Years	Since Inception	
Scheme Name & Benchmarks					
HSBC Infrastructure Equity Fund - Growth	22.28	11.52	3.82	5.84	
S&P BSE India Infrastructure TRI (Scheme Benchmark)	32.02	13.77	8.46	NA	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	12.77	
Rs. 10,000, if invested in HIEF, would have become	12,228	13,882	12,062	24,951	
Rs. 10,000, if invested in S&P BSE India Infrastructure TRI, would have become	13,202	14,743	15,013	NA	
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	69,301	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

The launch date of the S&P BSE India Infrastructure Index (INR) is May 19, 2014 whereas the inception date of the scheme is Feb 23, 2006. Information presented for 5 year return is back-tested which is available from Mar 31, 2008. The corresponding benchmark returns since inception of the scheme is not available. All index data is available on the website of Asia Index Pvt. Ltd. a joint venture between BSE Ltd. and S&P Dow Jones Indices LLC. (source: <http://www.asiaindex.co.in>).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Infrastructure Equity Fund	 <p>Investors understand that their principal will be at Very High risk</p>	Benchmark Index: S&P BSE India Infrastructure TRI 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with

FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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For the year ended March 31, 2022 (Contd...)

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Infrastructure Equity Fund	279	536,141.44	397	6,037,450.38

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

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For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Infrastructure Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.

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For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Infrastructure Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Infrastructure Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYYKM1572

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	5,060.95
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(7,476.19)
2.2	Unrealised Appreciation Reserve	3,458.78
2.3	Other Reserves	8,936.88
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	122.44
	TOTAL	9,894.47
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	9,588.24
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	10,982.80
2	Deposits	1.58
3	Other Current Assets	
3.1	Cash & Bank Balance	11.06
3.2	TREPS/Reverse Repo Lending	154.80
3.3	Others	138.79
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	11,335.62

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	133.66	108.36
1.2 Interest	6.37	4.33
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	1,580.93	(77.96)
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	3.04	1.12
	(A) 1,724.00	35.85
2 EXPENSES		
2.1 Investment Management Fees	161.79	110.82
2.2 GST on Investment Management Fees	29.12	19.95
2.3 Transfer Agents Fees and Expenses	11.15	8.38
2.4 Custodian Fees	1.32	0.92
2.5 Trusteeship Fees	0.50	0.23
2.6 Commission to Agents	64.06	43.54
2.7 Marketing & Distribution Expenses	0.03	0.13
2.8 Audit Fees	0.23	0.49
2.9 Investor Education Expenses	2.16	1.49
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	2.85	2.56
	(B) 273.21	188.51
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B) 1,450.79	(152.66)
4 Change in Unrealised Depreciation in Value of Investments	(D) -	2,064.42
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D) 1,450.79	1,911.76
6 Change in Unrealised Appreciation in Value of Investments	(F) 658.10	3,458.78
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F) 2,108.89	5,370.54
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(658.10)	(3,458.78)
7.3 Add/(Less) : Equalisation	(629.19)	(1,112.57)
7.4 Transfer from Reserve Fund	8,936.88	8,137.69
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	9,758.48	8,936.88
9 Dividend Appropriation		
9.1 Income Distributed during the Year	-	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	9,758.48	8,936.88

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	20.4049	10.0015
IDCW Option	17.3564	8.5072
Direct Plan – Growth Option	21.9102	10.5951
Direct Plan – IDCW Option	18.5562	8.9930
High		
Growth Option	27.3845	20.8434
IDCW Option	23.2933	17.7293
Direct Plan – Growth Option	29.7332	22.3581
Direct Plan – IDCW Option	25.1296	18.9385
Low		
Growth Option	19.2938	9.7223
IDCW Option	16.4113	8.2698
Direct Plan – Growth Option	20.7317	10.3005
Direct Plan – IDCW Option	17.5560	8.7428
End		
Growth Option	24.9513	20.4049
IDCW Option	21.2235	17.3564
Direct Plan – Growth Option	27.1692	21.9102
Direct Plan – IDCW Option	22.9495	18.5562
2. Closing Assets Under Management (Rs. in Lakhs)		
End	11,098	9,761
Average (AAuM) ¹	10,796	7,467
3. Gross income as % of AAuM ²	15.97%	0.48%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.58%	2.57%
Direct Plan	1.19%	1.22%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	1.52%	1.50%
Direct Plan	0.86%	0.88%
5. Net Income as a percentage of AAuM ³	13.44%	-2.04%
6. Portfolio turnover ratio ⁴	0.20	0.26
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
IDCW Option	-	-
Direct Plan – IDCW Option	-	-
8. Returns (%):		
a. Last One Year		
Scheme		
Growth Option	22.2809	104.0200
Direct Plan – Growth Option	24.0025	106.8000
Benchmark		
S&P BSE India Infrastructure Index TRI	32.0237	94.1100
b. Since Inception		
Scheme		
Growth Option	5.8399	4.8300
Direct Plan – Growth Option	8.7908	7.0800
Benchmark		
S&P BSE India Infrastructure Index TRI	NA⁺	NA ⁺

⁺ For HSBC Infrastructure Equity Fund: S&P BSE India Infrastructure Index was launched on 19 May 2014 i.e., post date of allotment of HSBC Infrastructure Equity Fund, the returns since inception are not available.

^{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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	36,563,367	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738

- 1.4. Open positions of Securities Borrowed and / or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 is NIL.
- 1.5. Investment in Below Investment grade and default/securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year 2022 -2021 and percentage to net assets are as under :

Company Name	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equity Shares				
– Appreciation	440,521,689	39.69	372,340,950	38.15
– Depreciation	28,833,474	2.60	26,463,075	2.71

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 215,303,403 and Rs. 299,755,629 respectively being 19.94% and 27.76% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 191,908,969 and Rs. 311,142,948 respectively being 25.70% and 41.67% of the average net assets.

- 1.8. Unentered securities in the portfolio of the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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

Name of Sponsor / AMC and its associate / related parties / group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	3.35	29.77	1,428,327	32.14

Name of Sponsor / AMC and its associate / related parties / group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	0.64	16.04	938,378	33.92

Brokerage paid to Sponsor / AMC and its associates / related parties / group companies is NIL.
(Previous year also NIL).

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
 - 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	30,084,774.274	3,727,456.894	5,748,308.551	28,063,922.617	10
IDCW Option	18,902,528.505	194,785.013	1,483,755.197	17,613,558.321	10
Direct Plan - Growth Option	1,533,292.874	378,833.569	629,606.137	1,282,520.306	10
Direct Plan - IDCW Option	88,944.336	8,815.106	49,904.121	47,855.321	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020 - 2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	36,417,228.121	948,501.416	7,280,955.263	30,084,774.274	10
IDCW Option	20,376,827.645	350,386.856	1,824,685.996	18,902,528.505	10
Direct Plan - Growth Option	1,661,263.592	660,371.971	788,342.689	1,533,292.874	10
Direct Plan - IDCW Option	74,203.707	59,842.774	45,102.145	88,944.336	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on 31/03/2022 is 274,726.784 and as on 31/03/2021 is 274,726.784.

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 304,110/- represents Exit load credited to the scheme, Fund transfer from focused fund to HSBC Large And Mid Cap Equity Fund, short funding in switch a/c. (2021: Rs. 111,946/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 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 as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Infrastructure Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 14 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir/8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Small Cap Equity Fund

Small Cap Fund - An open ended equity Scheme predominantly investing in small cap stocks

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Small Cap Equity Fund (HSEF)

(Small Cap Fund - An open ended equity scheme predominantly investing in small cap stocks)

HSEF seeks to generate long term capital growth from an actively managed portfolio of equity and equity related securities of predominantly small cap companies. However, it could move a portion of its assets towards fixed income securities if the fund manager becomes negative on the Indian equity markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSEF amounted to Rs. 321.08 crores as at March 31, 2022 as compared to Rs. 325.43 crores as at March 31, 2021. Around 96.88 % of the net assets were invested in equities, 3.48% of the net assets were invested in reverse repos/TREPS and (-0.36%) in net current assets as at March 31, 2022

HSEF is a small cap fund and it remained invested in a diversified portfolio across small capitalization stocks. HSEF has underperformed its benchmark over 1-year, 3-years and 5-year periods. HSEF has performed broadly in line with its benchmark over the last one year primarily due to our stock selection. While the scheme's portfolio was ~ underweight in Information Technology space which hurt the performance, portfolio positions in certain stocks. did very well and compensated for sector selection.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Small cap index has outperformed almost all major indices for second consecutive year. After the strong returns for two years, valuations of small cap stocks are at a premium to large cap index and to that extent significant rerating of this space from current levels look unlikely. In the absence of valuation rerating potential, the scheme's focus is clearly on companies that are scaling up well and are likely to become significantly larger players in the years to come. In most sectors, profit pool is consolidating with the dominant players of that industry and that trend is likely to continue. So within small cap space also, the focus will be on companies that are leaders or strong challengers in their respective sub segment. HSEF continues to focus on these strong companies that are capturing market share and are available at reasonable valuations. HSEF is currently overweight in Consumer Discretionary, Specialty Chemicals, Healthcare and Technology space while being underweight in Industrial, Financials and Communication sectors.



Date of Inception : 19 May 2005	Absolute Returns (%)		Compounded Annualized Returns (%)		
	1 Year	3 Years	5 Years	Since Inception	
HSBC Small Cap Equity Fund – Growth	33.78	19.38	11.72	13.59	
S&P BSE 250 Small Cap Index TRI (Scheme Benchmark)	34.29	20.00	NA	NA	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	15.16	
Rs. 10,000, if invested in HSEF, would have become	13,378	17,040	17,412	85,892	
Rs. 10,000, if invested in S&P BSE 250 Small Cap Index TRI, would have become	13,429	17,306	NA	NA	
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	108,238	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on last March 31, 2022 for Growth Option of Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

The launch date of the S&P BSE 250 Small Cap Index (INR) is November 30, 2017 whereas the inception date of the scheme is May 19, 2005. All information presented prior to the index launch date is back-tested which is available from Mar 31, 2009. The corresponding benchmark returns since inception of the scheme is not available. All index data is available on the website of Asia Index Pvt. Ltd. a joint venture between BSE Ltd. and S&P Dow Jones Indices LLC. (source: <http://www.asiaindex.co.in>).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Small Cap Equity Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: S&P BSE 250 Small Cap Index TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity

Trustees' Report

For the year ended March 31, 2022 (Contd...)

performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in

Trustees' Report

For the year ended March 31, 2022 (Contd...)

FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bbl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Small Cap Equity Fund	1,219	3,169,073.14	94	2,255,214.92

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Small Cap Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Small Cap Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Small Cap Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYZNL2513

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	6,236.58
	4,485.48	
2	Reserves & Surplus	
2.1	Unit Premium Reserves	475.34
2.2	Unrealised Appreciation Reserve	11,038.63
2.3	Other Reserves	14,774.16
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	387.28
	286.54	
	TOTAL	32,911.99
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	32,336.30
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	31,109.03
2	Deposits	1.75
	7.00	
3	Other Current Assets	
3.1	Cash & Bank Balance	10.78
3.2	TREPS/Reverse Repo Lending	290.06
3.3	Others	273.10
	54.31	
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	32,911.99

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	164.95	111.82
1.2 Interest	21.53	20.95
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	6,924.10	2,373.32
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	10.77	3.59
(A)	7,121.35	2,509.68
2 EXPENSES		
2.1 Investment Management Fees	377.51	333.73
2.2 GST on Investment Management Fees	67.95	60.07
2.3 Transfer Agents Fees and Expenses	34.56	33.82
2.4 Custodian Fees	4.10	3.71
2.5 Trusteeship Fees	1.56	0.97
2.6 Commission to Agents	286.08	257.66
2.7 Marketing & Distribution Expenses	0.29	0.54
2.8 Audit Fees	0.67	1.62
2.9 Investor Education Expenses	6.70	6.07
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	7.59	7.79
(B)	787.01	705.98
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	6,334.34
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	6,334.34
6 Change in Unrealised Appreciation in Value of Investments	(F)	8,812.04
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	3,366.90
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(3,366.90)	(11,038.63)
7.3 Add/(Less) : Equalisation	(4,427.87)	(6,249.20)
7.4 Transfer from Reserve Fund	14,774.16	10,407.62
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	16,680.63	14,774.16
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(6.41)	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	16,674.22	14,774.16

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	64.2047	31.3039
IDCW Option	23.5242	11.4695
Direct Plan – Growth Option	69.1529	33.2412
Direct Plan – IDCW Option	30.1786	14.5087
High		
Growth Option	97.1270	65.5179
IDCW Option	35.5866	24.0053
Direct Plan – Growth Option	105.8185	70.4908
Direct Plan – IDCW Option	43.3506	30.7630
Low		
Growth Option	62.2811	30.4236
IDCW Option	22.8193	11.1470
Direct Plan – Growth Option	67.1306	32.3104
Direct Plan – IDCW Option	29.2957	14.1025
End		
Growth Option	85.8914	64.2047
IDCW Option	31.4700	23.5242
Direct Plan – Growth Option	93.8553	69.1529
Direct Plan – IDCW Option	38.4472	30.1786
2. Closing Assets Under Management (Rs. in Lakhs)		
End	32,108	32,543
Average (AAuM) ¹	33,513	30,364
3. Gross income as % of AAuM ²	21.25%	8.27%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	2.53%	2.51%
Direct Plan	1.09%	1.10%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	1.18%	1.15%
Direct Plan	0.78%	0.77%
5. Net Income as a percentage of AAuM ³	18.90%	5.94%
6. Portfolio turnover ratio ⁴	0.27	0.46
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
IDCW Option	–	–
Direct Plan – IDCW Option	2.00	–
Corporate		
IDCW Option	–	–
Direct Plan – IDCW Option	2.00	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns(%):		
a. Last One Year		
Scheme		
Growth Option	33.7774	105.1000
Direct Plan – Growth Option	35.7214	108.0300
Benchmark		
S&P BSE 250 Small Cap Index TRI	34.2868	117.5100
b. Since Inception		
Scheme		
Growth Option	13.5899	12.4300
Direct Plan – Growth Option	17.7628	15.7500
Benchmark		
S&P BSE 250 Small Cap Index +	N.A +	N.A +

+ For HSBC Small cap Equity Fund: S&P BSE 250 Small Cap Index was launched post date of allotment of HSBC Small Cap Equity Fund, the returns since inception are not available.

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	-	-	-	470,907,573
Max Financial Services Ltd.	Equities	-	-	-	172,035,228
Balrampur Chini Mills Ltd.	Equities	-	-	29,696,910	56,482,738

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below Investment grade and default/securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial years March 31, 2022 and March 31, 2021 are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equity Shares				
- Appreciation	1,533,481,142	47.76	1,268,725,504	38.99
- Depreciation	92,928,169	2.89	164,862,706	5.07

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021 - 2022 (excluding accretion of discount) is Rs. 910,471,140 and Rs. 2,062,313,697 respectively being 27.17% and 61.54% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020 - 2021 (excluding accretion of discount) is Rs. 1,381,754,173 and Rs. 2,696,469,618 respectively being 45.51% and 88.80% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as of the Years ended March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	14.40	32.68	13,538,738	48.84

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	5.99	28.73	11,148,082	48.65

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-22	Nil			

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-21	Nil			

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	37,651,466.288	4,083,846.872	13,571,013.145	28,164,300.015	10
IDCW Option	18,950,385.118	291,101.715	7,103,737.529	12,137,749.304	10
Direct Plan - Growth Option	5,524,915.367	690,345.632	1,988,844.223	4,226,416.776	10
Direct Plan - IDCW Option	239,039.965	176,774.297	89,470.195	326,344.067	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	56,296,018.914	2,684,976.975	21,329,529.601	37,651,466.288	10
IDCW Option	25,549,435.999	257,925.154	6,856,976.035	18,950,385.118	10
Direct Plan - Growth Option	12,329,626.422	771,375.636	7,576,086.691	5,524,915.367	10
Direct Plan - IDCW Option	252,275.906	127,471.262	140,707.203	239,039.965	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 129,937.630 and as on March 31, 2021 is 129,937.630.

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the year ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 10,76,723/-Exit load credited to the scheme, Fund transfer from focused fund to HSBC Large And Mid Cap Equity Fund, short funding in switch a/c (2021: Rs. 3,59,297/-Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

11 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Small Cap Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Large and Mid Cap Equity Fund

Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Large and Mid-Cap Equity Fund (HLMF)

(Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks)

HLMF seeks to provide long term capital growth through investments in both large cap and mid cap stocks. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HLMF amounted to Rs. 505.83 crores as at March 31, 2022 and Rs. 487.17 crores as at March 31 2021. Around 98.53% of the net assets were invested in equities, 1.15% of the net assets were invested in reverse repos/TREPS and 0.32% in net current assets as at March 31, 2022.

The scheme will maintain at least 35% each towards large cap stocks and mid cap stocks. The fund has underperformed its benchmark over 1-year and since inception periods. Remaining underweight in Utilities and Energy and overweight in Financials hurt the performance. The 1-year performance was also adversely impacted by stock selection within Technology but a good stock selection within Financials, Healthcare, and Materials had a positive impact on the performance.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant

Trustees' Report

For the year ended March 31, 2022 (Contd...)



companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The scheme's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth. In terms of portfolio strategy, the AMC be looking to be in large caps where scale would be an advantage (like in the case of banks/financials) and while for midcaps the focus will be on sector leaders or niche players in their respective businesses. For example, in segments like retail, consumer durables, speciality chemicals etc., there are sector leaders and niche players within midcap and small caps. In some other cases like that of pharma it has a mix of large and midcaps as there are dominant players in hospitals, diagnostics which are midcaps. The key theme of the portfolio has been to be in sector leaders across the market capitalization spectrum as they would gain from market share shift along with profit pool consolidation.

As on 31st March 2022, the portfolio was overweight on Technology, Financials (Lenders), Materials (Cement and Chemicals), Consumer discretionary, and Real Estate while Healthcare and Industrial has a neutral stance. Underweight sectors are Consumer Staples, Energy, Utilities & Communication Services.

Date of Inception : 28 March 2019	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Large and Mid Cap Equity Fund- Growth	20.89	16.27	NA	16.27	
NIFTY Large Midcap 250 TRI (Scheme Benchmark)	22.90	18.56	NA	18.56	
Nifty 50 TRI (Additional Benchmark)	20.26	15.99	NA	15.99	
10,000, if invested in HEHF, would have become	12,089	15,746	NA	15,746	
10,000, if invested in NIFTY Large Midcap 250 TRI , would have become	12,290	16,697	NA	16,697	
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,629	NA	15,629	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option- Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Large and Mid Cap Equity Fund	 <p>Investors understand that their principal will be at Very High risk</p>	Benchmark Index: NIFTY Large Midcap 250 TRI 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

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For the year ended March 31, 2022 (Contd...)

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity

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For the year ended March 31, 2022 (Contd...)

performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

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For the year ended March 31, 2022 (Contd...)

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in

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For the year ended March 31, 2022 (Contd...)

FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bbl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Large and Mid Cap Equity Fund	–	–	6	18,298.05

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

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2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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

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For the year ended March 31, 2022 (Contd...)

complaints, then such a reason should be provided separately. Hence data corrections in Investor Details is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Large and Mid Cap Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Large And Mid Cap Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Large And Mid Cap Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYSGD3408

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	37,391.69
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(4,180.56)
2.2	Unrealised Appreciation Reserve	14,364.34
2.3	Other Reserves	1,148.43
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	680.78
	TOTAL	49,404.68
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	48,254.62
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	48,254.62
2	Deposits	1.92
3	Other Current Assets	
3.1	Cash & Bank Balance	11.98
3.2	TREPS/Reverse Repo Lending	490.47
3.3	Others	645.69
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	49,404.68

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	378.73	340.54
1.2 Interest	22.74	27.70
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	8,236.28	3,298.39
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	13.77	15.39
(A)	8,651.52	3,682.02
2 EXPENSES		
2.1 Investment Management Fees	466.07	494.25
2.2 GST on Investment Management Fees	83.89	88.97
2.3 Transfer Agents Fees and Expenses	53.55	59.13
2.4 Custodian Fees	6.38	6.55
2.5 Trusteeship Fees	2.40	1.75
2.6 Commission to Agents	638.22	626.38
2.7 Marketing & Distribution Expenses	0.16	0.95
2.8 Audit Fees	1.06	2.42
2.9 Investor Education Expenses	10.37	10.67
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	11.35	11.07
(B)	1,273.45	1,302.14
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	7,378.07
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	7,378.07
6 Change in Unrealised Appreciation in Value of Investments	(F)	2,711.96
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	10,090.03
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(2,711.96)	(14,364.34)
7.3 Add/(Less) : Equalisation	(727.22)	2,270.40
7.4 Transfer from Reserve Fund	1,148.43	(14,888.94)
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	7,799.28	1,148.43
9 Dividend Appropriation		
9.1 Income Distributed during the Year	-	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	7,799.28	1,148.43

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	13.0251	7.7100
IDCW Option	13.0251	7.7100
Direct Plan – Growth Option	13.4616	7.8362
Direct Plan – IDCW Option	13.4483	7.8331
High		
Growth Option	17.0648	13.4264
IDCW Option	17.0648	13.4264
Direct Plan – Growth Option	17.8771	13.8475
Direct Plan – IDCW Option	17.8496	13.8352
Low		
Growth Option	12.5853	7.3153
IDCW Option	12.5853	7.3153
Direct Plan – Growth Option	13.0144	7.4360
Direct Plan – IDCW Option	13.0011	7.4331
End		
Growth Option	15.7460	13.0251
IDCW Option	15.7460	13.0251
Direct Plan – Growth Option	16.5525	13.4616
Direct Plan – IDCW Option	16.5249	13.4483
2. Closing Assets Under Management (Rs. in Lakhs)		
End	50,583	48,717
Average (AAuM) ¹	51,866	53,363
3. Gross income as % of AAuM ²	16.68%	6.90%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan (Continue)	2.48%	2.47%
Direct Plan	0.79%	0.81%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.90%	0.93%
Direct Plan	0.53%	0.53%
5. Net Income as a percentage of AAuM ³	14.23%	4.46%
6. Portfolio turnover ratio ⁴	0.39	0.60
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
IDCW Option	–	–
Direct Plan – IDCW Option	–	–
Corporate		
IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns (%):		
a. Last One Year		
Scheme		
Growth Option	20.8897	68.9400
Direct Plan – Growth Option	22.9609	71.7900
Benchmark		
NIFTY LargeMidcap 250 TRI	22.9034	85.9100
b. Since Inception		
Scheme		
Growth Option	16.2744	14.0500
Direct Plan – Growth Option	18.2195	15.9300
Benchmark		
NIFTY LargeMidcap 250 TRI	18.5623	16.4600

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	66,233,828	470,907,573
Max Financial Services Ltd.	Equities	–	–	114,248,393	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Years March 31, 2022 and March 31, 2021 and percentage to net assets are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equity Shares				
– Appreciation	1,734,679,384	34.29	1,457,268,693	29.91
– Depreciation	27,049,520	0.53	20,834,685	0.43
Certificate of Deposit/Commercial Papers				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	–

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021 - 2022 (excluding accretion of discount) is Rs. 2,046,984,705 and Rs. 2,983,428,196 respectively being 39.47% and 57.52% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020 - 2021 (excluding accretion of discount) is Rs. 31,92,049,898 and Rs. 60,89,003,371 respectively being 59.82% and 114.11% 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 as on March 31, 2022 & March 31, 2021 is Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	31.86	39.58	31,426,565	48.98

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	16.04	33.76	30,836,682	53.72

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 Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-2022	1.56	0.31	18,664	0.32

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transactions of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	12.75	0.40	113,673	1.08

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	349,541,931.880	46,778,027.733	92,990,104.407	303,329,855.206	10
IDCW Option	19,588,496.672	468,430.553	8,706,257.993	11,350,669.232	10
Direct Plan - Growth Option	4,473,175.222	1,696,402.358	421,855.663	5,747,721.917	10
Direct Plan - IDCW Option	313,270.803	274,824.477	69,965.835	518,129.445	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	596,374,003.181	40,119,127.456	286,951,198.757	349,541,931.880	10
IDCW Option	44,784,254.941	1,809,917.989	27,005,676.258	19,588,496.672	10
Direct Plan - Growth Option	7,008,655.471	714,874.666	3,250,354.915	4,473,175.222	10
Direct Plan - IDCW Option	3,300,730.231	121,172.832	3,108,632.260	313,270.803	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 500,000.000 & as on March 31, 2021 is 500,000.000.

- 5 Previous year figures have been re-grouped/re-arranged where necessary.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 13,77,473/- represents Exit load credited to the scheme, Fund transfer from focused fund to HSBC Large And Mid Cap Equity Fund, short funding in switch a/c. (2021: Rs. 15,39,325/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022****9 Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

11 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Large and Midcap Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 13 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.
- 14 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.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Focussed Equity Fund

An open ended equity scheme investing in maximum 30 stocks across market caps (i.e. Multi-Cap)

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Equity Schemes

HSBC Focused Equity Fund (HFEF)

(Focused Fund – An open ended equity scheme investing in maximum 30 stocks across market caps (i.e. Multi-Cap)

HFEF seeks long term capital growth through investments in a concentrated portfolio of equity & equity related instruments of up to 30 companies across market capitalization. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HFEF amounted to Rs. 553.14 crores as at March 31, 2022 and Rs. 577.35 crores as at March 31, 2021. Around 99.41% of the net assets were invested in equities, 1.03% of the net assets were invested in reverse repos/TREPS and (-0.44%) in net current assets as at March 31, 2022.

HFEF remained invested in a diversified portfolio across all capitalization stocks. It has a focused approach to investing and will limit the number of stocks in the portfolio to 30. HFEF underperformed its benchmark during 1-year and since inception periods. Underweight in Utilities, Materials (overweight Cement companies) & Energy and equal weight in IT (overweight Coforge) contributed negatively to the performance. Underperformance was largely driven by allocation effect with selection effect contributing positively to the performance.

The fund philosophy continues to revolve around identifying dominant and scalable businesses that are available at reasonable valuations. The profit pool consolidation theme is expected to continue and dominant

Trustees' Report

For the year ended March 31, 2022 (Contd...)

companies are expected to benefit out of this. The recent disruptions have accelerated this shift. The stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises. Valuations are as much a driver of stock selection as earnings growth.



On the portfolio construction front, the Fund continues to run a high conviction portfolio. The portfolio is well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The Fund Manager remains focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. The positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays and underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy. HFEF is currently overweight in Consumer Discretionary, Financials, Healthcare, Industrials & Real Estate sectors, neutral in IT & Materials and underweight in Consumer Staples, Energy, Utilities & Communication Services

We are currently in a period of heightened uncertainty; driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis arising from - the Russia- Ukraine conflict. Many of these factors are intertwined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz., valuations (given rising interest rates) and earnings growth (slowing demand & inflation). Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022. As a result, the equity markets are likely to remain volatile over next 12 months though the longer term outlook still remains very positive.

Date of Inception : 22 July 2020	Absolute Returns (%)		Compounded Annualized Returns (%)		
	6 months	1 year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Focused Equity Fund- Growth	20.60	NA	NA	NA	31.64
Nifty 500 TRI (Scheme Benchmark)	22.29	NA	NA	NA	35.67
Nifty 50 TRI (Additional Benchmark)	20.26	NA	NA	NA	31.94
10,000, if invested in HFEF, would have become	12,060	NA	NA	NA	15,915
10,000, if invested in Nifty 500 TRI, would have become	12,229	NA	NA	NA	16,748
10,000, if invested in Nifty 50 TRI, would have become	12,026	NA	NA	NA	15,976

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Focused Equity Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: NIFTY 500 TRI</p> 

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII's saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Focused Equity Fund	1	1,138.43	7	184,999.51

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Focused Equity Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Focused Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Focused Equity Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No: 117812
UDIN: 22117812ALYXYW1679

Place : Mumbai
Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	43,749.98
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(1,463.03)
2.2	Unrealised Appreciation Reserve	13,629.07
2.3	Other Reserves	1,833.26
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	240.88
	TOTAL	57,990.16
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	57,213.34
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	57,213.34
2	Deposits	0.64
3	Other Current Assets	
3.1	Cash & Bank Balance	8.25
3.2	TREPS/Reverse Repo Lending	767.86
3.3	Others	0.07
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	57,990.16

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	404.32	210.49
1.2 Interest	31.21	126.73
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	10,306.13	2,450.41
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	28.85	123.27
(A)	10,770.51	2,910.90
2 EXPENSES		
2.1 Investment Management Fees	569.81	364.27
2.2 GST on Investment Management Fees	102.57	65.57
2.3 Transfer Agents Fees and Expenses	61.56	43.55
2.4 Custodian Fees	7.32	4.45
2.5 Trusteeship Fees	2.77	0.84
2.6 Commission to Agents	669.44	436.55
2.7 Marketing & Distribution Expenses	0.39	0.59
2.8 Audit Fees	1.16	2.87
2.9 Investor Education Expenses	11.93	7.71
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	12.63	10.76
(B)	1,439.58	937.16
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	9,330.93	1,973.74
4 Change in Unrealised Depreciation in Value of Investments	-	-
(D)	-	-
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	9,330.93	1,973.74
6 Change in Unrealised Appreciation in Value of Investments	2,599.67	13,629.07
(F)	2,599.67	13,629.07
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	11,930.60	15,602.81
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(2,599.67)	(13,629.07)
7.3 Add/(Less) : Equalisation	(1,441.09)	(140.48)
7.4 Transfer from Reserve Fund	1,833.26	-
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	9,723.10	1,833.26
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(44.27)	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	9,678.83	1,833.26

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	13.1961	–
IDCW Option	13.1961	–
Direct Plan – Growth Option	13.3476	–
Direct Plan – IDCW Option	13.3476	–
High		
Growth Option	17.2114	13.8024
IDCW Option	16.4404	13.8024
Direct Plan – Growth Option	17.6367	13.9322
Direct Plan – IDCW Option	16.8450	13.9322
Low		
Growth Option	12.8324	9.6654
IDCW Option	12.8324	9.6654
Direct Plan – Growth Option	12.9867	9.6927
Direct Plan – IDCW Option	12.9867	9.6927
End		
Growth Option	15.9147	13.1961
IDCW Option	15.2018	13.1961
Direct Plan – Growth Option	16.3635	13.3476
Direct Plan – IDCW Option	15.6279	13.3476
2. Closing Assets Under Management (Rs. in Lakhs)		
End	55,314	57,736
Average (AAuM) ¹	59,634	55,613
3. Gross income as % of AAuM ² (Annualised)	18.06%	7.55%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise) (Annualised)		
Regular Plan (Continue)	2.46%	2.47%
Direct Plan	0.82%	0.82%
b. Management Fee as % of AAuM (planwise) (Annualised)		
Regular Plan (Continue)	0.97%	0.95%
Direct Plan	0.56%	0.54%
5. Net Income as a percentage of AAuM ³ (Annualised)	15.65%	5.12%
6. Portfolio turnover ratio ⁴	0.38	0.30
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
IDCW Option	0.65	–
Direct Plan – IDCW Option	0.66	–
Corporate		
IDCW Option	0.65	–
Direct Plan – IDCW Option	0.66	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns (%):		
a. Last One Year		
Scheme		
Growth Option	20.6015	NA
Direct Plan – Growth Option	22.5951	NA
Benchmark		
NIFTY 500 TRI	22.2891	NA
b. Since Inception		
Scheme		
Growth Option	31.6371	31.96% ¥¥
Direct Plan – Growth Option	33.8207	33.48% ¥¥
Benchmark		
NIFTY 500 TRI	35.6714	35.93% ¥¥

¥¥ Since scheme has not completed one year since inception scheme & benchmark returns are absolute returns

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year/period ended March 31, 2022 & March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	248,757,628	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the year/period ended March 31, 2022 & March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 & March 31, 2021 is NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2022 and 2021 and their percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equity Shares				
– Appreciation	1,722,219,305	31.14	1,381,549,814	23.93
– Depreciation	99,345,309	1.80	18,642,859	0.32

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021 - 2022 (excluding accretion of discount) is Rs. 2,243,553,376 and Rs. 3,755,531,503 respectively being 37.62% and 62.98% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020 - 2021 (excluding accretion of discount) is Rs. 5,760,895,240 and Rs. 1,647,619,947 respectively being 149.45% and 42.74% 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 as on March 31, 2022 & March 31, 2021 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 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	66.89	57.88	46,981,382	69.27

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	467.13	81.78	24,313,138	64.46

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

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil.
 - (ii) Devolvement - Nil.
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil.
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil.
- 3 None of the Investors held more than 25% of the total net assets of the scheme as at March 31, 2022 & March 31, 2021.
 - 4 Unit Capital movement during the year/period ended March 31, 2022 & March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	419,567,430.785	68,108,966.817	157,052,421.078	330,623,976.524	10
IDCW Option	7,152,247.120	1,119,171.022	2,171,000.215	6,100,417.927	10
Direct Plan - Growth Option	10,710,685.208	2,843,280.858	2,480,677.197	11,073,288.869	10
Direct Plan - IDCW Option	69,441.871	31,789.358	32,002.458	69,228.771	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	–	537,999,931.724	118,432,500.939	419,567,430.785	10
IDCW Option	–	7,917,097.663	764,850.543	7,152,247.120	10
Direct Plan - Growth Option	–	11,961,390.753	1,250,705.545	10,710,685.208	10
Direct Plan - IDCW Option	–	71,559.432	2,117.561	69,441.871	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 499,975.001 & as on March 31, 2021 is 499,975.001.

- 5 No contingent liabilities for the year/period ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 28,85,036/- represents Exit load credited to the scheme, Fund transfer from focused fund to HSBC Large And Mid Cap Equity Fund, short funding in switch a/c. (2021 :- Rs. 12,327,435/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022****11 Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021[^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year[^] (April 2021 to March 2022)
HSBC Focussed Equity Fund	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir/8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Global Emerging Markets Fund

An open ended fund of fund Scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fund of Funds Schemes

HSBC Global Emerging Markets Fund (HGEMF)

(An open-ended fund of fund scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund)

The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds - Global Emerging Markets Equity Fund. The Scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HGEMF amounted to Rs. 15.10 crores as at March 31, 2022 compared to Rs. 18.33 crores as at March 31, 2021. Around 99.68% of the net assets were invested in HSBC GEM Equity Fund (overseas mutual fund), 0.32% of the net assets comprised of reverse repos/TREPS and current assets as at March 31, 2022.

HGEMF is a feeder fund and its performance depends upon performance of its underlying fund. The fund has outperformed its benchmark over 1-year & 3-year periods, while it underperformed over 5- year and since inception periods, on account of the performance of its underlying fund.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 17 March 2008	Absolute Returns (%)		Compounded Annualized Returns (%)		
	1 Year	3 Years	5 Years	Since Inception	
HSBC Global Emerging Markets Fund – Growth	-7.14	10.04	9.15	4.49	
MSCI Emerging Market TRI (Scheme Benchmark)	-8.03	8.14	9.36	7.71	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	11.45	
Rs. 10,000, if invested in HGEMF, would have become	9,286	13,335	15,499	18,538	
Rs. 10,000, if invested in MSCI Emerging Market TRI, would have become	9,197	12,654	15,644	28,401	
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	45,826	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Global Emerging Markets Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index : MSCI Emerging Market Index TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DILs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DILs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DILs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to

Trustees' Report

For the year ended March 31, 2022 (Contd...)

level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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, 2022 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Global Emerging Markets Fund	8	4,225.52	28	907,786.04

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media

Trustees' Report

For the year ended March 31, 2022 (Contd...)

handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Scheme Name	Risk-o-meter level as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Global Emerging Markets Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 *(Contd...)*

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Global Emerging Markets Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Global Emerging Markets Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALZAF09606

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	906.50
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(200.31)
2.2	Unrealised Appreciation Reserve	524.01
2.3	Other Reserves	603.31
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income / Deposits	-
4.2	Other Current Liabilities & Provisions	20.70
	TOTAL	1,528.14
		1,854.21
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
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	1,505.52
		1,761.83
2	Deposits	1.59
3	Other Current Assets	
3.1	Cash & Bank Balance	0.27
3.2	TREPS / Reverse Repo Lending	80.62
3.3	Others	9.90
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	1,528.14
		1,854.21

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	10.04	17.42
1.2 Interest	1.93	1.55
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	31.75	(0.02)
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	-	-
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	39.63	59.88
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	1.84	2.60
(A)	85.19	81.43
2 EXPENSES		
2.1 Investment Management Fees	10.70	7.76
2.2 GST on Investment Management Fees	1.93	1.40
2.3 Transfer Agents Fees and Expenses	0.71	0.73
2.4 Custodian Fees	1.71	1.86
2.5 Trusteeship Fees	0.08	0.04
2.6 Commission to Agents	6.23	4.70
2.7 Marketing & Distribution Expenses	0.02	0.02
2.8 Audit Fees	0.20	0.20
2.9 Investor Education Expenses	0.34	0.26
2.10 Other Operating Expenses	1.05	1.21
(B)	22.97	18.18
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	62.22	63.25
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	62.22	63.25
6 Change in Unrealised Appreciation in Value of Investments	(F)	422.13
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	(110.08)	485.38
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	172.30	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	-	(422.13)
7.3 Add/(Less) : Equalisation	(33.06)	23.92
7.4 Transfer from Reserve Fund	603.31	516.14
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	632.47	603.31
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(14.66)	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	617.81	603.31

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	19.9645	12.8277
Regular Plan IDCW Option	19.1009	12.2729
Direct Plan – Growth Option	21.1886	13.5144
Direct Plan – IDCW Option	20.2737	12.9349
High		
Regular Plan Growth Option	20.9550	22.5307
Regular Plan IDCW Option	20.0485	21.5562
Direct Plan – Growth Option	22.2768	23.8889
Direct Plan – IDCW Option	21.3142	22.8579
Low		
Regular Plan Growth Option	16.9883	12.5161
Regular Plan IDCW Option	16.2534	11.9748
Direct Plan – Growth Option	18.1522	13.1863
Direct Plan – IDCW Option	17.3646	12.6209
End		
Regular Plan Growth Option	18.5382	19.9645
Regular Plan IDCW Option	16.4772	19.1009
Direct Plan – Growth Option	19.8147	21.1886
Direct Plan – IDCW Option	17.5948	20.2737
2. Closing Assets Under Management (Rs. in Lakhs)		
End	1,510	1,833
Average (AAuM) ¹	1,714	1,321
3. Gross income as % of AAuM ²		
	4.97%	6.16%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	1.56%	1.59%
Direct Plan	0.85%	0.85%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.67%	0.65%
Direct Plan	0.52%	0.44%
5. Net Income as a percentage of AAuM ³		
	3.63%	4.79%
6. Portfolio turnover ratio ⁴		
	0.05	0.13
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	1.25	–
Direct Plan – IDCW Option	1.35	–

Key Statistics For the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Plan IDCW Option	1.25	–
Direct Plan – IDCW Option	1.35	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	(7.1442)	55.6400
Direct Plan – Growth Option	(6.4841)	56.7900
Benchmark		
MSCI Emerging Markets Index TRI	(8.0317)	53.7400
b. Since Inception		
Scheme		
Regular Plan Growth Option	4.4923	5.4400
Direct Plan – Growth Option	6.2557	7.9100
Benchmark		
MSCI Emerging Markets Index	7.7143	9.0300

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
5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021-22				
HSBC Emerging Markets Fund	0.85%	1.34%	2.19%	2.30% from 01-Apr-2019
2020-21				
HSBC Emerging Markets Fund	0.85%	1.29%	2.14%	2.30% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years end and their percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Foreign Securities				
– Appreciation	35,170,768	23.29	52,400,837	28.58
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 8,573,751 and 24,050,336 respectively being 5.00% and 14.03% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 64,335,765 and 17,097,912 respectively being 48.70% and 12.94% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

During the year 2021-22, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	0.02	0.44	49,476	8.97

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	0.35	3.10	50,172	14.41

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

(Previous year also NIL).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	4,815,313.354	1,177,818.981	1,459,811.485	4,533,320.850	10
Regular Plan IDCW Option	1,336,486.922	68,326.753	263,757.456	1,141,056.219	10
Direct Plan - Growth Option	2,869,876.176	601,806.136	1,083,151.862	2,388,530.450	10
Direct Plan - IDCW Option	43,343.360	48,108.144	42,570.221	48,881.283	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	3,866,623.646	2,513,939.521	1,565,249.813	4,815,313.354	10
Regular Plan IDCW Option	1,397,696.758	45,781.936	106,991.772	1,336,486.922	10
Direct Plan - Growth Option	1,118,559.912	2,171,082.413	419,766.149	2,869,876.176	10
Direct Plan - IDCW Option	25,464.359	42,531.508	24,652.507	43,343.360	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 113,484.384 & as on March 31, 2021 is 113,484.384

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income of Rs. 260,353/- Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT (2021: Rs. 260,353/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGSS/NEFT).

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Global Emerging Markets Fund	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger / consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Brazil Fund

An open ended fund of fund Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fund of Funds Schemes

HSBC Brazil Fund (HBF)

(An open ended fund of fund scheme investing in HSBC Global Investments Fund - Brazil Equity Fund)

HBF seeks to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investments Funds (HGIF) Brazil Equity Fund. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The scheme may also invest a certain proportion of its corpus in money market instruments and /or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HBF amounted to Rs.34.75 crores as at March 31, 2022 compared to Rs. 18.09 crores as at March 31, 2021. Around 100.34 % of the net assets were invested in HSBC Global Investment Funds (HGIF) Brazil Equity Fund (overseas mutual fund), (-0.34%) of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022

HBF is a feeder fund and its performance depends upon the performance of its underlying fund. The fund has underperformed its benchmark across all time periods on account of the performance of its underlying fund.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 6 May 2011	Absolute Returns (%)	Compounded Annualized Returns (%)		
		1 Year	3 Years	5 Years
HSBC Brazil Fund – Growth	11.75	-3.45	1.53	-2.51
MSCI Brazil 10/40 TRI (Scheme Benchmark)	24.56	4.67	7.98	3.36
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	12.45
Rs. 10,000, if invested in HBF, would have become	11,175	8,998	10,789	7,574
Rs. 10,000, if invested in MSCI Brazil 10/40 TRI, would have become	12,456	11,472	14,684	14,335
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	35,985

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Brazil Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: MSCI Brazil 10/40 Index TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum

Trustees' Report

For the year ended March 31, 2022 (Contd...)

picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DILs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DILs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DILs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trn helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive

Trustees' Report

For the year ended March 31, 2022 (Contd...)

needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

Trustees' Report

For the year ended March 31, 2022 (Contd...)

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Brazil Fund	-	-	18	131,348.87

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Brazil Fund	Very High	Very High	0

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Brazil Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Brazil Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (Contd...)

In preparing the financial statements, the Management is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALZALQ4537

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	2,603.02
2	Reserves & Surplus	
2.1	Unit Premium Reserves	263.27
2.2	Unrealised Appreciation Reserve	-
2.3	Other Reserves	(1,056.89)
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	46.12
	TOTAL	1,855.52
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
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	1,767.32
	Total Investments	1,767.32
2	Deposits	1.58
3	Other Current Assets	
3.1	Cash & Bank Balance	0.65
3.2	TREPS/Reverse Repo Lending	83.32
3.3	Others	2.65
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	1,855.52

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	23.75	63.78
1.2	Interest	4.32	2.23
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	(13.91)	(0.84)
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	-	-
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(0.03)	(114.33)
1.6	Realised Gains/(Losses) on Derivative Transactions	-	-
1.7	Other Income	5.03	7.26
	(A)	19.16	(41.90)
2	EXPENSES		
2.1	Investment Management Fees	14.91	8.04
2.2	GST on Management Fees	2.68	1.45
2.3	Transfer Agents Fees and Expenses	1.10	0.88
2.4	Custodian Fees	2.04	1.97
2.5	Trusteeship Fees	0.11	0.05
2.6	Commission to Agents	5.85	5.09
2.7	Marketing & Distribution Expenses	0.01	0.03
2.8	Audit Fees	0.20	0.20
2.9	Investor Education Expenses	0.49	0.33
2.10	Interest on Borrowing	-	-
2.11	Other Operating Expenses	1.39	2.62
	(B)	28.78	20.66
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	(62.56)
4	Change in Unrealised Depreciation in Value of Investments	(D)	408.89
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	346.33
6	Change in Unrealised Appreciation in Value of Investments	(F)	-
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	346.33
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	-	-
7.3	Add/(Less) : Equalisation	(1,258.73)	(215.41)
7.4	Transfer from Reserve Fund	(1,056.89)	(1,187.81)
7.5	Transfer from Unit Premium Reserve	-	-
8	Total	(1,857.87)	(1,056.89)
9	Dividend Appropriation		
9.1	Income Distributed during the Year	-	-
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	(1,857.87)	(1,056.89)

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	6.7781	5.3445
Regular Plan IDCW Option	6.7781	5.3445
Direct Plan – Growth Option	7.2034	5.6337
Direct Plan – IDCW Option	7.1989	5.6312
High		
Regular Plan Growth Option	8.4601	7.9447
Regular Plan IDCW Option	8.4601	7.9447
Direct Plan – Growth Option	9.0075	8.4270
Direct Plan – IDCW Option	9.0016	8.4223
Low		
Regular Plan Growth Option	5.3889	4.7028
Regular Plan IDCW Option	5.3889	4.7028
Direct Plan – Growth Option	5.7617	4.9618
Direct Plan – IDCW Option	5.7575	4.9594
End		
Regular Plan Growth Option	7.5743	6.7781
Regular Plan IDCW Option	7.5743	6.7781
Direct Plan – Growth Option	8.1121	7.2034
Direct Plan – IDCW Option	8.1059	7.1989
2. Closing Assets Under Management (Rs. in Lakhs)		
End	3,475	1,809
Average (AAuM) ¹	2,474	1,656
3. Gross income as % of AAuM ²	0.77%	-2.53%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	1.59%	1.59%
Direct Plan	0.81%	0.77%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.70%	0.59%
Direct Plan	0.52%	0.34%
5. Net Income as a percentage of AAuM ³	-0.39%	-3.78%
6. Portfolio turnover ratio ⁴	0.05	0.21
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Plan IDCW Option	-	-
Direct Plan – IDCW Option	-	-
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	11.7467	26.8200
Direct Plan – Growth Option	12.6149	27.8600
Benchmark		
MSCI Brazil 10/40 Index TRI	24.5632	38.8000
b. Since Inception		
Scheme		
Regular Plan Growth Option	(2.5145)	(3.8500)
Direct Plan – Growth Option	(2.2615)	(3.9300)
Benchmark		
MSCI Brazil 10/40 Index TRI	3.3563	1.5400

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
5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021-22				
HSBC Brazil Fund	0.85%	1.17%	2.02%	2.30% from 01-Apr-2019
2020-21				
HSBC Brazil Fund	0.85%	1.20%	2.05%	2.30% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year ended March 31, 2022 and March 31, 2021 is NIL
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years end and their percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Foreign Securities				
– Appreciation	–	–	–	–
– Depreciation	1,447,690	0.42	48,184,767	26.63

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 138,149,536 and Rs. 11,728,070 respectively being 55.84% and 4.74% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 64,028,728 and Rs. 34,187,960 respectively being 38.66% and 20.64% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	~0.00	0.01	216,563	42.01

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	~0.00	0.01	236,231	51.81

~ Indicates less than 0.01

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

(Previous year also NIL).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	12,724,192.184	6,572,074.391	4,087,380.398	15,208,886.177	10
Regular Plan IDCW Option	2,712,121.927	390,569.929	234,165.331	2,868,526.525	10
Direct Plan - Growth Option	10,241,468.411	23,095,003.517	7,871,311.808	25,465,160.120	10
Direct Plan - IDCW Option	352,380.802	246,353.528	215,128.140	383,606.190	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	10,817,701.906	6,297,082.250	4,390,591.972	12,724,192.184	10
Regular Plan IDCW Option	3,458,183.782	860,417.037	1,606,478.892	2,712,121.927	10
Direct Plan - Growth Option	7,833,554.477	12,841,225.855	10,433,311.921	10,241,468.411	10
Direct Plan - IDCW Option	228,458.770	636,209.135	512,287.103	352,380.802	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on 31/03/2022 is 701,095.111 & as on 31/03/2021 is 701,095.111

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees are Inclusive of GST where applicable.
- 7 Other income of Rs. 503,147/- represents Exit load credited to the scheme. (2021: Rs. 726,375/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT.)
- 8 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Brazil Fund	Very High	Very High	0

[^] From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Asia Pacific (Ex Japan) Dividend Yield Fund

An open ended fund of fund Scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fund of Funds Schemes

HSBC Asia Pacific (Ex Japan) Dividend Yield Fund (HAPDF)

(An open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund)

HAPDF seeks to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds (HGIF) Asia Pacific Ex Japan Equity High Dividend Fund. The Scheme may, also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HAPDF amounted to Rs. 9.90 crores as on March 31, 2022 as compared to 7.36 crores as at March 31, 2021. Around 98.68% of the net assets were invested in HSBC Global Investment Funds (HGIF) Asia Pacific Ex-Japan Equity High Dividend Fund (overseas mutual fund), 1.32% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

HAPDF is a feeder fund and its performance depends upon the performance of its underlying fund. The fund has underperformed its benchmark across all time periods on account of the performance of its underlying fund.

Trustees' Report



For the year ended March 31, 2022 (Contd...)

Date of Inception : 24 February 2014	Absolute Returns (%)	Compounded Annualized Returns (%)		
		1 Year	3 Years	5 Years
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund – Growth	-1.79	10.04	10.25	8.22
MSCI AC Asia Pacific ex Japan TRI (Scheme Benchmark)	-7.49	9.47	10.32	8.65
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	15.06
Rs. 10,000, if invested in HAPDF, would have become	9,821	13,336	16,291	18,971
Rs. 10,000, if invested in MSCI AC Asia Pacific ex -Japan TRI, would have become	9,251	13,128	16,345	19,582
Rs. 10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	31,165

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: MSCI AC Asia Pacific ex Japan TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in

Trustees' Report

For the year ended March 31, 2022 (Contd...)

both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day

Trustees' Report

For the year ended March 31, 2022 (Contd...)

and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with

Trustees' Report

For the year ended March 31, 2022 (Contd...)

FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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, 2022 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	-	-	4	11,944.95

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0

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2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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 D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media

Trustees' Report

For the year ended March 31, 2022 (Contd...)

handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Scheme Name	Risk-o-meter level as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	Very High	Very High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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,

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Asia Pacific (Ex Japan) Dividend Yield Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Asia Pacific (Ex Japan) Dividend Yield Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALZAPZ1769

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

		Rs. in Lakhs	
		As at March 31, 2022	As at March 31, 2021
LIABILITIES			
1	Unit Capital	508.19	373.06
2	Reserves & Surplus		
2.1	Unit Premium Reserves	(18.05)	(85.14)
2.2	Unrealised Appreciation Reserve	148.97	242.40
2.3	Other Reserves	351.08	207.89
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions		
4.1	Provision for Doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	5.39	4.39
TOTAL		995.58	742.60
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	-	-
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	977.40	708.51
Total Investments		977.40	708.51
2	Deposits	1.00	1.52
3	Other Current Assets		
3.1	Cash & Bank Balance	0.15	2.24
3.2	TREPS/Reverse Repo Lending	16.90	30.32
3.3	Others	0.13	0.01
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL		995.58	742.60

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	28.76	11.76
1.2 Interest	1.22	0.67
1.3 Realised Gain / (Loss) on Foreign Exchange Transactions	6.78	(0.32)
1.4 Realised Gains / (Losses) on Interscheme Sale of Investments	-	-
1.5 Realised Gains / (Losses) on External Sale / Redemption of Investments	48.26	23.55
1.6 Realised Gains / (Losses) on Derivative Transactions	-	-
1.7 Other Income	2.02	0.37
(A)	87.04	36.03
2 EXPENSES		
2.1 Investment Management Fees	3.93	1.63
2.2 GST on Investment Management Fees	0.71	0.29
2.3 Transfer Agents Fees and Expenses	0.44	0.34
2.4 Custodian Fees	2.13	1.70
2.5 Trusteeship Fees	0.05	0.02
2.6 Commission to Agents	2.12	1.93
2.7 Marketing & Distribution Expenses	0.82	0.01
2.8 Audit Fees	0.20	0.20
2.9 Investor Education Expenses	0.20	0.13
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	0.15	0.85
(B)	10.75	7.10
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	76.29
(C = A - B)	76.29	28.93
4 Change in Unrealised Depreciation in Value of Investments	(D)	-
(D)	-	-
5 NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	76.29
(E = C + D)	76.29	28.93
6 Change in Unrealised Appreciation in Value of Investments	(F)	(93.43)
(F)	(93.43)	208.05
7 NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	(17.14)
(G = E + F)	(17.14)	236.98
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	93.43	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	-	(208.05)
7.3 Add / (Less) : Equalisation	68.09	5.06
7.4 Transfer from Reserve Fund	207.89	173.90
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	352.27	207.89
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(1.19)	-
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	351.08	207.89

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	19.3173	13.1734
Regular Plan IDCW Option	19.3173	13.1734
Direct Plan – Growth Option	20.3285	13.7538
Direct Plan – IDCW Option	20.3203	13.7495
High		
Regular Plan Growth Option	20.0475	19.7682
Regular Plan IDCW Option	20.0475	19.7682
Direct Plan – Growth Option	21.2108	20.7877
Direct Plan – IDCW Option	21.2012	20.7794
Low		
Regular Plan Growth Option	17.6488	12.9281
Regular Plan IDCW Option	17.6488	12.9281
Direct Plan – Growth Option	18.7073	13.4980
Direct Plan – IDCW Option	17.2938	13.4938
End		
Regular Plan Growth Option	18.9710	19.3173
Regular Plan IDCW Option	18.9710	19.3173
Direct Plan – Growth Option	20.1157	20.3285
Direct Plan – IDCW Option	18.5953	20.3203
2. Closing Assets Under Management (Rs. in Lakhs)		
End	990	736
Average (AAuM) ¹	1,017	635
3. Gross income as % of AAuM ²	8.56%	5.67%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	1.42%	1.42%
Direct Plan	0.66%	0.64%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.53%	0.35%
Direct Plan	0.22%	0.10%
5. Net Income as a percentage of AAuM ³	7.50%	4.55%
6. Portfolio turnover ratio ⁴	0.31	0.16
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	1.50	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Plan IDCW Option	-	-
Direct Plan – IDCW Option	1.50	-
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan Growth Option	(1.7900)	46.6400
Direct Plan – Growth Option	(1.0468)	47.8000
Benchmark		
MSCI AC Asia Pacific ex Japan TRI	(7.4900)	53.9700
b. Since Inception		
Scheme		
Regular Plan Growth Option	8.2200	9.7200
Direct Plan – Growth Option	9.0102	10.5100
Benchmark		
MSCI AC Asia Pacific ex Japan TRI	8.6500	11.1400

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
5. The Total management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021-22				
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	0.65%	1.06%	1.71%	2.30% from 01-Apr-2019
2020-21				
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	0.65%	1.10%	1.75%	2.30% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years end and their percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Foreign Securities				
– Appreciation	14,885,770	15.03%	24,228,717	32.91%
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021-2022 (excluding accretion of discount) is Rs. 61,726,280 and 31,258,520 respectively being 60.71% and 30.74% of the average net assets.

The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020-2021 (excluding accretion of discount) is Rs. 10,450,888 and 10,042,155 respectively being 16.45% and 15.81% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 and March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-221, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd..)

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	1.11	14.68	144,301	71.97

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	0.01	0.19	138,028	75.36

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

(Previous year also NIL).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	1,891,852.226	1,880,946.467	1,177,467.147	2,595,331.546	10
Regular Plan IDCW Option	100,925.176	42,797.603	42,628.354	101,094.425	10
Direct Plan - Growth Option	1,638,217.373	1,844,381.671	1,176,625.362	2,305,973.682	10
Direct Plan - IDCW Option	99,598.436	37,287.219	57,357.897	79,527.758	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	2,660,001.297	125,174.385	893,323.456	1,891,852.226	10
Regular Plan IDCW Option	212,682.133	62,898.338	174,655.295	100,925.176	10
Direct Plan - Growth Option	742,275.399	1,079,261.482	183,319.508	1,638,217.373	10
Direct Plan - IDCW Option	36,094.535	85,658.467	22,154.566	99,598.436	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 434,480.361 & as on March 31, 2021 is 434,480.361.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income credited to the scheme of 201,507 represents Exit load credited to the scheme. (2021:- Rs. 37,202 represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).
- 8 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 12 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.
- 13 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.
- 14 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Asia Pacific (Ex Japan) Div Yield Fund	Very High	Very High	0

From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 15 **Merger of HSBC Global Consumer Opportunities Fund with HSBC Asia Pacific (Ex Japan) Dividend Yield Fund and introduction of provisions for creation of segregated portfolio under HSBC Asia Pacific (Ex Japan) Dividend Yield Fund:**

The Board of Directors of HSBC Asset Management (India) Private limited and Board of Trustees of HSBC Mutual Fund, vide their resolutions dated January 21, 2021 and January 22, 2021 respectively, approved the merger of HSBC Global Consumer Opportunities Fund (HGCOF) in to HSBC Asia Pacific (Ex Japan) Dividend Yield Fund (HAPDYF).

Further, provisions for creation of segregated portfolio were introduced in the Scheme Information Document (SID) & Key Information Document (KIM) of HAPDYF.

SEBI has granted its no objection to the aforesaid proposals vide its email dated April 09, 2021.

Accordingly, a notice was published in the newspapers on April 12, 2021 giving an option to the unit holders of HGCOF and HAPDYF to exit from the respective schemes during the period from April 13, 2021 to May, 12 2021 (both days inclusive) at the applicable NAV, without payment of exit load, if any and sale of units in the HGCOF was suspended effective from April 13, 2021. The effective date for the aforesaid changes/proposals was May 13, 2021. The HGCOF was merged into HAPDYF and ceased to exist from the effective date i.e. May 13, 2021. The unit holders of HGCOF who have not exercised the exit option during the aforesaid exit window have been allotted units under the respective plans/options of HAPDYF at the NAV declared as on the close of business hours on May 13, 2021.

- 16 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the

Notes to Accounts – Annexure I (Contd..)

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

- 17 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://portal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Managed Solutions

An open ended fund of fund Scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fund of Funds Schemes

HSBC Managed Solutions (HMS)

(An open ended fund of fund scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds)

HMS seeks to provide long term total return primarily by seeking capital appreciation through an active asset allocation with diversification commensurate with the risk profile of investments by investing predominantly in units of equity mutual funds as well as in a basket of debt mutual funds, gold exchange traded funds (ETFs) and other ETFs, offshore mutual funds and money market instruments.

The Scheme has three plans – Conservative Plan, Growth Plan and the Moderate Plan. The plans under the Scheme will invest predominantly in schemes of HSBC Mutual Fund, units of third party domestic mutual funds, units of offshore equity oriented funds managed by HSBC Global Asset Management, gold ETFs and other ETFs of third parties until such time that the Fund doesn't have such scheme offerings.

The net assets of HMS – Conservative Plan amounted to Rs. 40.32 crores as at March 31, 2022 as compared to Rs. 49.70 crores as at March 31, 2021. Around 99.17% of the net assets was invested in mutual fund schemes, 0.83% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

The net assets of HMS – Growth Plan amounted to Rs. 39.86 crores as at March 31, 2022 as compared to Rs. 40.29 crores as at March 31, 2021. Around 99.36% of the net assets were invested in Mutual fund schemes,

Trustees' Report

For the year ended March 31, 2022 (Contd...)

0.64% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

The net assets of HMS – Moderate Plan amounted to Rs. 69.33 crores as at March 31, 2022 as compared to Rs. 68.72 crores as at March 31, 2021. Around 99.14% of the net assets were invested in mutual fund schemes, 0.86% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

The performance of HMS – Growth Plan is benchmarked against Composite Index constituting 80% of BSE 200 Index and 20% of CRISIL Composite Bond Index, while the performance of HMS – Moderate Plan is benchmarked against CRISIL Balanced Fund Index. The performance of HMS – Conservative Plan is benchmarked against Composite Index constituting of 90% into CRISIL Composite Bond Index and 10% of BSE 200 Index.

The scheme has underperformed over across the period. Under growth and moderate plans, underperformance was largely driven by underperformance of underlying equity funds (HSBC Large Cap and HSBC Small Cap) compared to BSE 200 Index. Underperformance of underlying Fixed Income Fund (HSBC Debt Fund and HSBC Flexi Debt Fund) has also contributed particularly to the Conservative plan.

Date of Inception : 30 April 2014	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
Managed Solutions India – Growth	17.05	14.04	11.20	13.17	
Customised Benchmark Index Fund (Scheme Benchmark)*	19.39	15.81	14.07	14.58	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	14.27	
Crisil 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	7.38	
10,000, if invested in HMSG, would have become	11,705	14,846	17,008	26,647	
10,000, if invested in Customised Benchmark Index, would have become	11,939	15,552	19,323	29,392	
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	28,772	
10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	17,582	

* Composite index of S&P BSE 200 TRI (80%) and CRISIL Composite Bond Fund Index (20%).

Date of Inception : 30 April 2014	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
Managed Solutions India – Moderate - Growth	14.33	12.40	10.14	11.90	
CRISIL Hybrid 35+65 - Aggressive Index (Scheme Benchmark)	15.29	14.51	12.79	13.48	
Nifty 50 TRI (Additional Benchmark)	20.26	15.82	15.14	14.27	
CRISIL 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	7.38	
10,000, if invested in HMSM, would have become	11,433	14,214	16,212	24,365	
10,000, if invested in CRISIL Hybrid 35+65 would have become	11,529	15,032	18,260	27,236	
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	28,772	
10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	17,582	

Trustees' Report



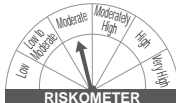
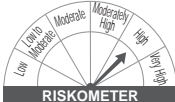
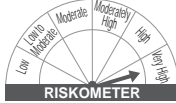
For the year ended March 31, 2022 (Contd...)

Date of Inception : 30 April 2014	Absolute Returns (%)	Compounded Annualized Returns (%)		
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception
Managed Solutions India – Conservative - Growth	4.75	5.56	5.67	7.32
Customised Benchmark Index Fund (Scheme Benchmark)*	7.52	9.76	8.62	9.83
Nifty 50 (Additional Benchmark)	20.26	15.82	15.14	14.27
CRISIL 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	7.38
10,000, if invested in HMSC, would have become	10,475	11,768	13,176	17,502
10,000, if invested in Customised Benchmark Index, would have become	10,752	13,232	15,123	21,015
10,000, if invested in Nifty 50 TRI, would have become	12,026	15,557	20,246	28,772
10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	17,582

*Composite index of Crisil Composite Bond Fund Index (90%) and S&P BSE200 TRI (10%).



Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
Managed Solutions India – Growth	 <p>Investors understand that their principal will be at Very High risk</p>	Benchmark Index : S&P BSE 200 Index 
		Benchmark Index : CRISIL Composite Bond Fund Index 
Managed Solutions India – Moderate	 <p>Investors understand that their principal will be at High risk</p>	Benchmark Index : CRISIL Hybrid 35+65 - Aggressive Index 

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
Managed Solutions India – Conservative	 <p>Investors understand that their principal will be at Moderately High risk</p>	<p>Benchmark Index : S&P BSE 200 Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

Trustees' Report

For the year ended March 31, 2022 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively

Trustees' Report

For the year ended March 31, 2022 (Contd...)

estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bbl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
Managed Solutions India - Moderate	–	–	2	62,960.62

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a

Trustees' Report

For the year ended March 31, 2022 (Contd...)

view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 49 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
Managed Solutions India - Conservative	Moderately High	Moderate	3
Managed Solutions India - Growth	Very High	Very High	0
Managed Solutions India - Moderate	High	High	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	Complied	<p>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</p>	N.A.
4	<p>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.</p>	Complied	<p>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.</p>	N.A.
5	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	Complied	<p>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.</p>	N.A.
6	<p>Principle 6: Institutional investors should report periodically on their stewardship activities.</p>	Complied	<p>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.</p>	N.A.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Managed Solutions India - Growth

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Growth** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALZBCU8439

Place : Mumbai

Date : June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Managed Solutions India - Moderate Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Moderate** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No: 117812
UDIN: 22117812ALZBHX9776

Place : Mumbai
Date : June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Managed Solutions India - Conservative Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Conservative** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No: 117812
UDIN: 22117812ALZAWW7876

Place : Mumbai
Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – GROWTH		
	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	1,494.69
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(1,360.68)
2.2	Unrealised Appreciation Reserve	1,844.09
2.3	Other Reserves	2,008.33
3	Loans & Borrowings	–
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	–
4.2	Other Current Liabilities & Provisions	51.46
	TOTAL	4,037.89
		4,046.88
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	–
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	3,961.43
1.10	Foreign Securities	–
	Total Investments	3,961.43
2	Deposits	1.00
3	Other Current Assets	
3.1	Cash & Bank Balance	0.06
3.2	TREPS/Reverse Repo Lending	75.40
3.3	Others	–
4	Deferred Revenue Expenditure (to the extent not written off)	–
	TOTAL	4,037.89
		4,046.88

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC MANAGED SOLUTIONS INDIA – GROWTH	
		Current year ended March 31, 2022	Previous year ended March 31, 2021
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	1.61	2.08
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	458.04	739.24
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	0.75	0.19
	(A)	460.40	741.51
2	EXPENSES		
2.1	Investment Management Fees	2.19	2.77
2.2	GST on Investment Management Fees	0.39	0.50
2.3	Transfer Agents Fees and Expenses	1.76	1.98
2.4	Custodian Fees	1.62	1.62
2.5	Trusteeship Fees	0.19	0.13
2.6	Commission to Agents	11.92	11.66
2.7	Marketing & Distribution Expenses	0.01	0.07
2.8	Audit Fees	0.20	0.20
2.9	Investor Education Expenses	0.83	0.81
2.10	Interest on Borrowing	–	–
2.11	Other Operating Expenses	2.14	0.93
	(B)	21.25	20.67
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR		
	(C = A - B)	439.15	720.84
4	Change in Unrealised Depreciation in Value of Investments	–	–
	(D)	–	–
5	NET GAINS / (LOSSES) FOR THE YEAR		
	(E = C + D)	439.15	720.84
6	Change in Unrealised Appreciation in Value of Investments	224.40	1,186.98
	(F)	224.40	1,186.98
7	NET SURPLUS / (DEFICIT) FOR THE YEAR		
	(G = E + F)	663.55	1,907.82
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	–	–
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	(224.40)	(1,186.98)
7.3	Add/(Less) : Equalisation	(303.33)	(1,158.86)
7.4	Transfer from Reserve Fund	1,872.51	2,310.53
7.5	Transfer from Unit Premium Reserve	–	–
8	Total	2,008.33	1,872.51
9	Dividend Appropriation		
9.1	Income Distributed during the Year	–	–
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	2,008.33	1,872.51

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – GROWTH		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	22.7661	14.2510
Regular Plan IDCW Option	22.7661	14.2510
Direct Plan – Growth Option	23.2324	14.4912
Direct Plan – IDCW Option	23.2324	14.4912
High		
Regular Plan Growth Option	28.3907	23.5012
Regular Plan IDCW Option	28.3907	23.5012
Direct Plan – Growth Option	29.0538	23.9725
Direct Plan – IDCW Option	29.0538	23.9725
Low		
Regular Plan Growth Option	22.1808	13.6945
Regular Plan IDCW Option	22.1808	13.6945
Direct Plan – Growth Option	22.6377	13.9257
Direct Plan – IDCW Option	22.6377	13.9257
End		
Regular Plan Growth Option	26.6468	22.7661
Regular Plan IDCW Option	26.6468	22.7661
Direct Plan – Growth Option	27.2884	23.2324
Direct Plan – IDCW Option	27.2884	23.2324
2. Closing Assets Under Management (Rs. in Lakhs)		
End	3,986	4,030
Average (AAuM) ¹	4,145	4,030
3. Gross income as % of AAuM ²		
	11.11%	18.40%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	0.53%	0.53%
Direct Plan	0.17%	0.17%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.05%	0.07%
Direct Plan	0.01%	0.03%
5. Net Income as a percentage of AAuM ³ *		
	10.59%	17.89%
6. Portfolio turnover ratio ⁴		
	0.07	0.12
7. Total Dividend per unit distributed during the period (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

HSBC MANAGED SOLUTIONS INDIA – GROWTH

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
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Corporate

Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

8. Returns (%):

a. Last One Year

Scheme

Regular Plan Growth Option	17.0460	59.7500
Direct Plan – Growth Option	17.4584	60.3200

Benchmark

20% of CRISIL Composite Bond Fund Index and 80% of S&P BSE 200 TRI	19.3937	64.5900
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b. Since Inception

Scheme

Regular Plan Growth Option	13.1673	12.6200
Direct Plan – Growth Option	13.5076	12.9500

Benchmark

20% of CRISIL Composite Bond Fund Index and 80% of S&P BSE 200 TRI	14.5764	13.9000
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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 period
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period
5. The Total management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021–22				
HSBC Managed Solutions India – Growth	1.51%	0.53%	2.04%	2.05% from 01-Apr-2019
2020-21				
HSBC Managed Solutions India – Growth	1.31%	0.53%	1.84%	2.05% from 01-April-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – GROWTH

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 & as on March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the years ended March 31, 2022 & March 31, 2021 are NIL.
- 1.5. Investment in below investment grade and default/Securities as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets.

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Units in Domestic Mutual Fund				
– Appreciation	184,409,190	46.26	161,976,055	40.20
– Depreciation	–	–	7,068	~0.00

~ Indicates less than 0.01

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021-2022 (excluding accretion of discount) is Rs. 28,300,000 and Rs. 101,499,200 respectively being 6.83% and 24.49% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020-2021 (excluding accretion of discount) is Rs. 48,900,000 and Rs. 334,497,180 respectively being 12.13% and 83.01% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 & March 31, 2021 are NIL.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	0.85	54.57	1,105,689	91.98

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	15.08	17.90	16,269,153	29.43

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil.
(Previous year also Nil).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 & March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 & March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan Growth Option	16,334,212.397	414,201.576	2,720,900.618	14,027,513.355	10
Regular Plan IDCW Option	659,723.378	96,790.339	391,175.540	365,338.177	10
Direct Plan - Growth Option	683,860.454	70,730.731	209,936.957	544,654.228	10
Direct Plan - IDCW Option	8,316.033	1,842.054	764.246	9,393.841	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan Growth Option	29,097,784.817	481,880.166	13,245,452.586	16,334,212.397	10
Regular Plan IDCW Option	2,528,385.989	24,094.311	1,892,756.922	659,723.378	10
Direct Plan - Growth Option	3,939,269.831	27,603.164	3,283,012.541	683,860.454	10
Direct Plan - IDCW Option	7,520.127	1,068.924	273.018	8,316.033	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 377,569.065 & as on March 31, 2021 is 377,569.065.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income represents Exit load credited to the scheme is Rs. 74,688. (2020: 19,310/- represents exit load credited to the scheme and Penal Interest received from Bank towards delay of RTGS/NEFT).

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 12 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.
- 13 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.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Managed Solutions India - Growth	Very High	Very High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – MODERATE		
	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	2,837.61
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(1,889.67)
2.2	Unrealised Appreciation Reserve	2,605.66
2.3	Other Reserves	2,930.99
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	24.37
	TOTAL	6,976.17
		6,893.17
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
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	6,873.36
1.10	Foreign Securities	-
	Total Investments	6,873.36
		6,834.48
2	Deposits	1.50
3	Other Current Assets	
3.1	Cash & Bank Balance	0.53
3.2	TREPS/Reverse Repo Lending	100.13
3.3	Others	0.65
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	6,976.17
		6,893.17

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC MANAGED SOLUTIONS INDIA – MODERATE	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	2.27	3.42
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	634.65	1,589.34
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	0.14	0.72
	(A)	637.06	1,593.48
2	EXPENSES		
2.1	Investment Management Fees	9.63	9.36
2.2	GST on Investment Management Fees	1.73	1.68
2.3	Transfer Agents Fees and Expenses	3.04	3.84
2.4	Custodian Fees	1.64	1.64
2.5	Trusteeship Fees	0.33	0.25
2.6	Commission to Agents	33.09	37.20
2.7	Marketing & Distribution Expenses	0.10	0.14
2.8	Audit Fees	0.20	0.34
2.9	Investor Education Expenses	1.43	1.56
2.10	Interest on Borrowing	–	–
2.11	Other Operating Expenses	1.36	1.53
	(B)	52.55	57.54
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	584.51
4	Change in Unrealised Depreciation in Value of Investments	(D)	–
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	584.51
6	Change in Unrealised Appreciation in Value of Investments	(F)	379.20
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	963.71
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	–	–
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	(379.20)	(1,573.03)
7.3	Add/(Less) : Equalisation	(384.51)	(2,037.23)
7.4	Transfer from Reserve Fund	2,930.99	3,432.28
7.5	Transfer from Unit Premium Reserve	–	–
8	Total	3,130.99	2,930.99
9	Dividend Appropriation		
9.1	Income Distributed during the Year	–	–
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,130.99	2,930.99

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – MODERATE		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	21.3108	14.4780
Regular Plan IDCW Option	21.3108	14.4780
Direct Plan – Growth Option	21.8346	14.7463
Direct Plan – IDCW Option	13.6881	9.2475
High		
Regular Plan Growth Option	25.6268	21.8718
Regular Plan IDCW Option	25.6268	21.8718
Direct Plan – Growth Option	26.3802	22.3936
Direct Plan – IDCW Option	16.5337	14.0391
Low		
Regular Plan Growth Option	20.8786	14.0151
Regular Plan IDCW Option	20.8786	14.0151
Direct Plan – Growth Option	21.3959	14.2757
Direct Plan – IDCW Option	13.4129	8.9523
End		
Regular Plan Growth Option	24.3650	21.3108
Regular Plan IDCW Option	24.3650	21.3108
Direct Plan – Growth Option	25.1141	21.8346
Direct Plan – IDCW Option	15.7375	13.6881
2. Closing Assets Under Management (Rs. in Lakhs)		
End	6,933	6,873
Average (AAuM) ¹	7,128	7,799
3. Gross income as % of AAuM ²		
	8.94%	20.43%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	0.75%	0.75%
Direct Plan	0.15%	0.16%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.14%	0.12%
Direct Plan	0.03%	0.03%
5. Net Income as a percentage of AAuM ³ *		
	8.20%	19.69%
6. Portfolio turnover ratio ⁴		
	0.06	0.08
7. Total Dividend per unit distributed during the period (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

HSBC MANAGED SOLUTIONS INDIA – MODERATE

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
--	---	--

Corporate

Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

8. Returns (%):

a. Last One year

Scheme

Regular Plan Growth Option	14.3317	47.1900
Direct Plan – Growth Option	15.0197	48.0700

Benchmark

CRISIL Hybrid 35 plus 65 Aggressive Index	15.2944	49.7500
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b. Since Inception

Scheme

Regular Plan Growth Option	11.8958	11.5500
Direct Plan – Growth Option	12.3243	11.9400

Benchmark

CRISIL Hybrid 35 plus 65 Aggressive Index	13.4803	13.2200
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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 period
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period
5. The Total management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
	2021-22			
HSBC Managed Solutions India – Moderate	0.74%	0.75%	1.49%	2.05% from 01-Apr-2019
	2020-21			
HSBC Managed Solutions India – Moderate	1.18%	0.75%	1.93%	2.05% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – MODERATE

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 & as on March 31, 2021 are Nil.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the year ended March 31, 2022 & March 31, 2021 are Nil.
- 1.5. Investment in below investment grade and default/Securities as on March 31, 2022 and March 31, 2021 are Nil.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
2022		2021		
Units in Domestic Mutual Fund				
– Appreciation	298,486,079	43.05	260,566,112	37.91
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021-2022 (excluding accretion of discount) is Rs. 46,000,000 and 143,498,995 respectively being 6.45% and 20.13% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020-2021 (excluding accretion of discount) is Rs. 64,100,000 and 623,495,270 respectively being 8.22% and 79.95% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 & March 31, 2021 are Nil.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	0.79	46.75	3,176,847	97.21

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	0.84	8.26	2,344,615.70	38.47

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

(Previous year also Nil).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2022 & March 31, 2021.
 - 4 Unit Capital movement during the year ended March 31, 2022 & March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	29,662,319.489	336,854.052	3,966,278.858	26,032,894.683	10
Regular Plan IDCW Option	1,934,538.958	23,694.635	256,833.796	1,701,399.797	10
Direct Plan - Growth Option	616,329.273	28,267.375	8,799.993	635,796.655	10
Direct Plan - IDCW Option	4,991.300	1,495.457	428.690	6,058.067	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	59,145,783.134	139,048.023	29,622,511.668	29,662,319.489	10
Regular Plan IDCW Option	4,858,175.838	56,515.627	2,980,152.507	1,934,538.958	10
Direct Plan - Growth Option	536,162.378	153,913.800	73,746.905	616,329.273	10
Direct Plan - IDCW Option	4,629.110	820.427	458.237	4,991.300	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 407,381.757 & as on March 31, 2021 is 407,381.757.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income represents Exit load credited to the scheme is Rs. 13,640. (2021: 72,418/- represents exit load credited to the scheme and Penal Interest received from Bank towards delay of RTGS/NEFT).

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Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
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* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 12 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.
- 13 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.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Managed Solutions India - Moderate	High	High	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE		
	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	2,302.29
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(2,307.56)
2.2	Unrealised Appreciation Reserve	1,443.20
2.3	Other Reserves	2,594.33
3	Loans & Borrowings	–
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	–
4.2	Other Current Liabilities & Provisions	6.97
	TOTAL	4,039.23
		2,973.61
		(2,497.67)
		1,624.17
		2,870.51
		–
		–
		10.39
		4,981.01
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	–
1.1.2	Preference Shares	–
1.1.3	Equity Linked Debentures	–
1.1.4	Other Debentures & Bonds	–
1.1.5	Securitized 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	Securitized 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	Securitized 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	3,998.67
1.10	Foreign Securities	–
	Total Investments	3,998.67
2	Deposits	1.00
3	Other Current Assets	
3.1	Cash & Bank Balance	0.02
3.2	TREPS/Reverse Repo Lending	39.53
3.3	Others	0.01
4	Deferred Revenue Expenditure (to the extent not written off)	–
	TOTAL	4,039.23
		4,945.69
		1.52
		0.03
		33.76
		0.01
		–
		4,981.01

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	1.28	2.54
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	434.01	1,943.40
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	0.39	1.44
	(A)	435.68	1,947.38
2	EXPENSES		
2.1	Investment Management Fees	10.82	15.14
2.2	GST on Investment Management Fees	1.95	2.72
2.3	Transfer Agents Fees and Expenses	1.85	2.73
2.4	Custodian Fees	1.62	1.63
2.5	Trusteeship Fees	0.21	0.18
2.6	Commission to Agents	21.01	29.10
2.7	Marketing & Distribution Expenses	0.01	0.10
2.8	Audit Fees	0.20	0.25
2.9	Investor Education Expenses	0.89	1.22
2.10	Interest on Borrowing	–	–
2.11	Other Operating Expenses	0.88	0.83
	(B)	39.44	53.90
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	396.24
4	Change in Unrealised Depreciation in Value of Investments	(D)	–
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	396.24
6	Change in Unrealised Appreciation in Value of Investments	(F)	(180.98)
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	495.74
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	180.98	1,397.74
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	–	–
7.3	Add/(Less) : Equalisation	(672.42)	(2,958.97)
7.4	Transfer from Reserve Fund	2,870.51	3,936.00
7.5	Transfer from Unit Premium Reserve	–	–
8	Total	2,594.33	2,870.51
9	Dividend Appropriation		
9.1	Income Distributed during the Year	–	–
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	2,594.33	2,870.51

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	16.7087	15.2368
Regular Plan IDCW Option	16.7087	15.2368
Direct Plan – Growth Option	17.1655	15.5363
High		
Regular Plan Growth Option	17.5141	16.8224
Regular Plan IDCW Option	17.5141	16.8224
Direct Plan – Growth Option	18.1202	17.2525
Direct Plan – IDCW Option	–	17.2525
Low		
Regular Plan Growth Option	16.6949	14.7822
Regular Plan IDCW Option	16.6949	14.7822
Direct Plan – Growth Option	17.1584	15.0853
Direct Plan – IDCW Option	–	16.8407
End		
Regular Plan Growth Option	17.5018	16.7087
Regular Plan IDCW Option	17.5018	16.7087
Direct Plan – Growth Option	18.1150	17.1655
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4,032	4,971
Average (AAuM) ¹	4,458	6,083
3. Gross income as % of AAuM ²	9.77%	32.01%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan (Continue)	0.90%	0.90%
Direct Plan	0.15%	0.16%
b. Management Fee as % of AAuM (planwise)		
Regular Plan (Continue)	0.25%	0.26%
Direct Plan	0.02%	0.06%
5. Net Income as a percentage of AAuM ³	8.89%	31.13%
6. Portfolio turnover ratio ⁴	0.04	0.10
7. Total dividend per unit distributed during the period (planwise)		
Retail		
Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2022 (Contd...)

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
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Corporate

Regular Plan IDCW Option	–	–
Direct Plan – IDCW Option	–	–

8. Returns (%):

a. Last One Year

Scheme

Regular Plan Growth Option	4.7466	9.6600
Direct Plan – Growth Option	5.5314	10.4900

Benchmark

90% of CRISIL Composite Bond Fund Index and 10% of S&P BSE 200 TRI	7.5205	15.8700
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b. Since Inception

Scheme

Regular Plan Growth Option	7.3197	7.7000
Direct Plan – Growth Option	7.7872	8.1200

Benchmark

90% of CRISIL Composite Bond Fund Index and 10% of S&P BSE 200 TRI	9.8263	10.1600
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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 period
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period
5. The Total management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021-22				
HSBC Managed Solution India – Conservative	0.88%	0.90%	1.78%	2.05% from 01-Apr-2019
2020-21				
HSBC Managed Solution India – Conservative	0.75%	0.90%	1.65%	2.05% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 & as on March 31, 2021 are Nil.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the years ended March 31, 2022 & March 31, 2021 are Nil.
- 1.5. Investment in below investment grade and default/Securities as on March 31, 2022 and March 31, 2021 are Nil.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Units in Domestic Mutual Fund				
– Appreciation	145,372,575	36.05	163,470,415	32.89
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021-2022 (excluding accretion of discount) is Rs. 19,500,000 and Rs. 139,506,120 respectively being 4.37% and 31.29% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020-2021 (excluding accretion of discount) is Rs. 60,400,000 and Rs. 779,299,037 respectively being 9.93% and 128.10% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 & March 31, 2021 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 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	0.93	38.94	2,186,786	99.76

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	11.60	30.28	20,219,398	62.45

Brokerage paid to Sponsor / AMC and its associates / related parties / group companies is Nil.
(Previous year also Nil).

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 & March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 & March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan Growth Option	27,146,579.682	500,803.570	6,709,101.924	20,938,281.328	10
Regular Plan IDCW Option	2,129,572.452	47,944.536	555,796.553	1,621,720.435	10
Direct Plan - Growth Option	459,939.902	7,750.517	4,775.247	462,915.172	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan Growth Option	64,895,689.574	932,240.952	38,681,350.844	27,146,579.682	10
Regular Plan IDCW Option	7,320,894.636	23,495.430	5,214,817.614	2,129,572.452	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Direct Plan - Growth Option	3,096,818.720	15,158.850	2,652,037.668	459,939.902	10
Direct Plan - IDCW Option	–	608.072	608.072	–	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 434,786.389 & as on March 31, 2021 is 434,786.389.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income represents Exit load credited to the scheme is Rs. 38,879. (2021: Rs. 143,985/- represents exit load credited to the scheme and Penal Interest received from Bank towards delay of RTGS/NEFT).

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- 12 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.
- 13 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.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Managed Solution India - Conservative	Moderately High	Moderately	3

[^]From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://portal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

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Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Global Equity Climate Change Fund of Fund

An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change.

Abridged Annual Report 2021 - 2022



HSBC

Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fund of Funds Schemes

HSBC Global Equity Climate Change Fund of Fund (HGCECF)

(An open ended fund of fund scheme investing in HSBC Global Investments Funds - Global Equity Climate Change)

HGCECF seeks to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change. The Scheme may also invest a certain proportion of its corpus in money market instruments and /or units of overnight / liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HGCECF amounted to Rs. 523.28 crores as at March 31, 2022 as compared to Rs. 621.88 crores as on March 31, 2021. Around 99.64 % of the net assets were invested in HSBC Global Equity Climate Change Fund of Fund (overseas mutual fund), 0.36% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022. The inception date of the fund was March 22, 2021.

HGCECF is a feeder fund and its performance depends upon the performance of its underlying fund. The fund has underperformed its benchmark across all time periods on account of the performance of its underlying fund.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 22 March 2021	Absolute Returns (%)	Compounded Annualized Returns (%)		
		1 Year	3 Years	5 Years
HSBC Global Equity Climate Change Fund of Fund	-5.08	NA	NA	-4.43
MSCI AC World TRI (Scheme Benchmark)	11.31	NA	NA	12.17
Nifty 50 TRI (Additional Benchmark)	20.26	NA	NA	19.39
10,000, if invested in HGCECF, would have become	9,492	NA	NA	9,547
10,000, if invested in MSCI AC World TRI, would have become	11,131	NA	NA	11,249
10,000, if invested in Nifty 50 TRI, would have become	12,026	NA	NA	11,991

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Global Equity Climate Change Fund of Fund	 <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index : MSCI AC World Index TRI</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size

Trustees' Report

For the year ended March 31, 2022 (Contd...)

of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and Fil Flows: Rupee traded with a weakish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net Fil flows were around USD -18 bn (outflow of 18 bn) on the equity side while Fil bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net Fil flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with

Trustees' Report

For the year ended March 31, 2022 (Contd...)

FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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, 2022 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022: Nil.

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorshoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures)

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Global Equity Climate Change Fund of Fund	Very High	Very High	0

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Global Equity Climate Change Fund of Fund Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Global Equity Climate Change Fund of Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net deficit for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the period ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYZZV4526

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	61,887.82
2	Reserves & Surplus	
2.1	Unit Premium Reserves	0.59
2.2	Unrealised Appreciation Reserve	511.98
2.3	Other Reserves	(153.42)
3	Loans & Borrowings	
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	48.29
	TOTAL	62,295.26
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	
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	22,229.25
	Total Investments	22,229.25
2	Deposits	8.00
3	Other Current Assets	
3.1	Cash & Bank Balance	56.76
3.2	TREPS/Reverse Repo Lending	40,005.48
3.3	Others	3.77
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	62,295.26

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		Current Year ended March 31, 2022	Previous period ended March 31, 2021
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	92.84	90.38
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	(587.97)	(219.48)
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	–	–
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	578.90	(0.73)
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	110.86	0.18
	(A)	194.63	(129.65)
2	EXPENSES		
2.1	Investment Management Fees	397.35	9.06
2.2	GST on Investment Management Fees	71.52	1.63
2.3	Transfer Agents Fees and Expenses	25.90	1.63
2.4	Custodian Fees	2.71	0.38
2.5	Trusteeship Fees	2.89	–
2.6	Commission to Agents	358.55	10.11
2.7	Marketing & Distribution Expenses	0.19	–
2.8	Audit Fees	1.10	0.20
2.9	Investor Education Expenses	12.26	0.34
2.10	Interest on Borrowing	–	–
2.11	Other Operating Expenses	11.76	0.31
	(B)	884.23	23.66
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	(153.31)
		(689.60)	(153.31)
4	Change in Unrealised Depreciation in Value of Investments	(D)	–
		(1,170.35)	–
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	(153.31)
		(1,859.95)	(153.31)
6	Change in Unrealised Appreciation in Value of Investments	(F)	511.98
		(511.98)	511.98
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	358.67
		(2,371.93)	358.67
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	511.98	–
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	–	(511.98)
7.3	Add/(Less) : Equalisation	165.83	(0.11)
7.4	Transfer from Reserve Fund	(153.42)	–
7.5	Transfer from Unit Premium Reserve	–	–
8	Total	(1,847.54)	(153.42)
9	Dividend Appropriation		
9.1	Income Distributed during the Year	–	–
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	(1,847.54)	(153.42)

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current year ended March 31, 2022	Previous period ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	10.0580	–
Regular Plan IDCW Option	10.0580	–
Direct Plan – Growth Option	10.0601	–
Direct Plan – IDCW Option	10.0601	–
High		
Regular Plan Growth Option	11.0565	10.0580
Regular Plan IDCW Option	11.0565	10.0580
Direct Plan – Growth Option	11.1158	10.0601
Direct Plan – IDCW Option	11.1158	10.0601
Low		
Regular Plan Growth Option	8.8336	10.0209
Regular Plan IDCW Option	8.8336	10.0209
Direct Plan – Growth Option	8.8995	10.0229
Direct Plan – IDCW Option	8.8995	10.0229
End		
Regular Plan Growth Option	9.5466	10.0580
Regular Plan IDCW Option	9.5466	10.0580
Direct Plan – Growth Option	9.6253	10.0601
Direct Plan – IDCW Option	9.6253	10.0601
2. Closing Assets Under Management (Rs. in Lakhs)		
End	52,328	62,189
Average (AAuM) ¹	61,280	61,787
3. Gross income as % of AAuM ² (Annualised)	0.32%	-7.66%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)(Annualised)		
Regular Plan	1.47%	1.40%
Direct Plan	0.68%	0.62%
b. Management Fee as % of AAuM (planwise) (Annualised)		
Regular Plan	0.65%	0.54%
Direct Plan	0.53%	0.39%
5. Net Income as a percentage of AAuM ³ (Annualised)	-1.13%	-9.06%
6. Portfolio turnover ratio ⁴	0.12	–

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current year ended March 31, 2022	Previous period ended March 31, 2021
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan IDCW Option	-	-
Direct Plan – IDCW Option	-	-
Corporate		
Regular Plan IDCW Option	-	-
Direct Plan – IDCW Option	-	-
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	(5.0845)	N.A
Direct Plan – Growth Option	(4.3220)	N.A
Benchmark		
MSCI AC World Index TRI	11.3134	N.A
b. Since Inception		
Scheme		
Regular Plan – Growth Option	(4.4273)	0.58% ¥¥
Direct Plan – Growth Option	(3.6585)	0.60% ¥¥
Benchmark		
MSCI AC World Index TRI	12.1747	1.06% ¥¥

¥¥ Since scheme has not completed one year since inception scheme & benchmark returns are absolute returns.

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.
5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
2021-22				
HSBC Global Equity Climate Change FOF	0.85%	1.44%	2.29%	2.30% from 01-Apr-2019
2020-21				
HSBC Global Equity Climate Change FOF	0.85%	1.34%	2.19%	2.30% from 01-Apr-2019

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year/period ended March 31, 2022 & March 31, 2021 is NIL.
- 1.3. Investments in Associates and Group Companies:

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	–	56,482,738
Balrampur Chini Mills Ltd.	Equities	–	–	–	470,907,573
Thomas Cook (India) Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as of the year/period ended March 31, 2022 & March 31, 2021 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 & March 31, 2021 is NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year/period and percentage to net assets:

(Rupees)

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Foreign Securities				
– Appreciation	–	–	51,198,300	0.98
– Depreciation	117,034,798	2.24	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021-2022 (excluding accretion of discount) is 3,849,430,600 and 747,448,110 respectively being 62.82% and 12.20% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020-2021 (excluding accretion of discount) is 21,71,727,000 and Nil respectively being 1282.93% and 0% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2022 & March 31, 2021 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 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	26.53	37.05	28,669,049	88.85

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. in Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2020-2021	582.38	94.07	–	–

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

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year/ period ended March 31, 2022 & March 31, 2021.
 - 4 Unit Capital movement during the year/period ended March 31, 2022 & March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	608,182,596.676	40,923,749.403	132,506,825.764	516,599,520.315	10
Regular Plan IDCW Option	4,243,535.050	1,208,193.248	1,305,927.288	4,145,801.010	10
Direct Plan - Growth Option	6,391,809.700	22,076,699.233	1,476,279.644	26,992,229.289	10
Direct Plan IDCW Option	60,297.387	124,677.740	13,510.561	171,464.566	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan Growth Option	–	608,388,586.376	205,989.700	608,182,596.676	10
Regular Plan IDCW Option	–	4,243,535.050	–	4,243,535.050	10
Direct Plan - Growth Option	–	6,392,859.648	1,049.948	6,391,809.700	10
Direct Plan IDCW Option	–	60,297.387	–	60,297.387	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on 31/03/2022 is 499,975.001 & as on 31/03/2021 is 499,975.001.

- 5 No contingent liabilities for the year/period ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other income credited to the scheme of 11,086,269 represents Exit load credited to the scheme. (2021 :- Rs. 17,649 represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 9 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Global Equity Climate Change FOF	Very High	Very High	0

^ From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 12 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time..

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Flexi Debt Fund

An open ended dynamic debt scheme investing across duration

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Flexi Debt Fund (HFDF)

(An open ended dynamic debt scheme investing across duration. Please refer Page no. 10 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and relatively low credit risk)

HFDF seeks to deliver returns in the form of interest income and capital gains, along with high liquidity, commensurate with the current view on the markets and the interest rate cycle, through active investment in debt and money market instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HFDF amounted to Rs. 54.97 crores as at March 31, 2022 as compared to Rs. 61.66 crores as at March 31, 2021. Around 72.69% of the net assets was invested in debt and money market instruments and 27.31% comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

Bond markets were volatile, especially in the second half of the financial year. Rising crude and commodity prices and geopolitical tensions weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall, India's 10 year bond yield which started the year at 6.18%, closed FY 22 at 6.84%. Issuances of corporate bonds were quite low given tepid credit growth as well as lower issuances from select public sector bond issuers which

Trustees' Report

For the year ended March 31, 2022 (Contd...)

were earlier issuing GOI serviced bonds- given the increased transparency in the budget. These off balance sheet borrowings were largely discontinued in FY 22. Overall, the tepid supply from corporate issuers and reasonable liquidity conditions lead to a sharp reduction in corporate spreads across the yield curve and especially at the longer end of the curve.



The scheme moved from neutral duration in the first half of the year to underweight duration in the second half of the year. However, the scheme's benchmark index has 55% exposure to corporate bonds. Given the small size, HSBC Flexi Debt Fund is primarily invests in Government Securities with only ~10% exposure to corporate bonds. Corporate spreads moved from 50-55 bps in Jan to March 2021 to less than 20 bps in March 2022. Thus corporate bonds outperformed G-Secs during that period, which impacted the performance of the fund relative to the index.

The scheme was overweight index when yields hardened between 2017 and 2018 while in 2020-21, given the steepening in the yield curve, the overweight positioning in the more than 10-year part of the curve. These two factors impacted the performance of the scheme over 3 year and 5 year timeframe. Long term performance is expected to recover over the period of time.

Date of Inception : 5 October 2007	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Flexi Debt Fund – Growth	3.05	6.02	5.37	7.60	
CRISIL Composite Bond Fund Index (Scheme Benchmark)	4.48	8.21	7.29	7.76	
CRISIL 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	6.52	
Rs. 10,000, if invested in HFDF, would have become	10,305	11,922	12,990	28,923	
Rs. 10,000, if invested in CRISIL Composite Bond Fund Index, would have become	10,448	12,678	14,217	29,559	
Rs. 10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	24,984	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on last business day of March 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Flexi Debt Fund	 <p>Investors understand that their principal will be at Moderate risk</p>	<p>Benchmark Index: CRISIL Dynamic Bond Fund AllI Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Flexi Debt Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

Trustees' Report

For the year ended March 31, 2022 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated

Trustees' Report

For the year ended March 31, 2022 (Contd...)

at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Flexi Debt Fund	16	25,218.23		

Trustees' Report

For the year ended March 31, 2022 (Contd...)

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434/1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	0	0	
II D	Non receipt of Annual Report/Abridged Summary	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	
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0	
III C	Deviation from Scheme attributes	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	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 29 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

Trustees' Report

For the year ended March 31, 2022 (Contd...)

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Flexi Debt Fund	Moderate	Moderate	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/ non-compliance, if any
2	<p>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.</p>	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.
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	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	<p>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.</p>	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	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Flexi Debt Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Flexi Debt Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report *(Contd...)*

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Independent Auditors' Report (Contd...)

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No: 117812
UDIN: 22117812ALYMVZ5007

Place : Mumbai
Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	2,025.40
2	Reserves & Surplus	2,341.58
2.1	Unit Premium Reserves	(406.11)
2.2	Unrealised Appreciation Reserve	(376.15)
2.3	Other Reserves	-
3	Loans & Borrowings	3,877.22
4	Current Liabilities & Provisions	-
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	11.77
	TOTAL	6,200.78
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	496.43
1.1.5	Securitised Debt Securities	493.00
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	3,499.02
1.5	Treasury Bills	4,904.40
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	3,995.45
2	Deposits	5.97
3	Other Current Assets	3.42
3.1	Cash & Bank Balance	0.14
3.2	TREPS/Reverse Repo Lending	1,399.80
3.3	Others	106.92
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	6,200.78

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	–	–
1.2 Interest	329.31	465.42
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	6.36	105.60
1.6 Realised Gains/(Losses) on Derivative Transactions	–	–
1.7 Other Income	–	0.01
(A)	335.67	571.03
2 EXPENSES		
2.1 Investment Management Fees	43.69	58.72
2.2 GST on Investment Management Fees	7.86	10.57
2.3 Transfer Agents Fees and Expenses	1.95	2.68
2.4 Custodian Fees	0.03	0.11
2.5 Trusteeship Fees	0.16	0.10
2.6 Commission to Agents	29.80	38.08
2.7 Marketing & Distribution Expenses	0.11	0.33
2.8 Audit Fees	0.20	0.20
2.9 Investor Education Expenses	1.16	1.52
2.10 Interest on Borrowing	–	0.09
2.11 Other Operating Expenses	1.71	2.11
(B)	86.67	114.51
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	249.00
4 Change in Unrealised Depreciation in Value of Investments	(D)	(56.04)
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	192.96
6 Change in Unrealised Appreciation in Value of Investments	(F)	–
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	192.96
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	–	50.09
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	–	–
7.3 Add/(Less) : Equalisation	(522.14)	(2,606.79)
7.4 Transfer from Reserve Fund	4,210.89	6,379.38
7.5 Transfer from Unit Premium Reserve	–	–
8 Total	3,881.71	4,224.99
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(4.49)	(14.10)
9.2 Tax on Income Distributed during the Year	–	–
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,877.22	4,210.89

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option #	27.0033	25.8709
Regular Plan - Fortnightly IDCW Option #	-	-
Regular Plan - Monthly IDCW Option #	17.0746	16.3586
Regular Plan - Quarterly IDCW Option #	16.4741	15.7832
Regular Plan - Half Yearly IDCW Option #	19.0990	18.2997
Institutional Growth Option ^	28.0668	26.8240
Institutional Fortnightly IDCW Option ^	10.4849	10.6154
Institutional Monthly IDCW Option ^	10.4768	10.6405
Institutional Quarterly IDCW Option ^	14.1072	13.4826
Institutional Half Yearly IDCW Option ^	11.6755	11.8324
Direct Plan - Growth Option	29.8957	28.3491
Direct Plan - Monthly IDCW Option	10.2256	10.3761
Direct Plan - Quarterly IDCW Option	11.8019	11.8830
Direct Plan - Half Yearly IDCW Option	-	12.0032
High		
Regular Plan - Growth Option #	27.8029	27.4279
Regular Plan - Fortnightly IDCW Option #	-	-
Regular Plan - Monthly IDCW Option #	17.5802	17.3431
Regular Plan - Quarterly IDCW Option #	16.9619	16.7332
Regular Plan - Half Yearly IDCW Option #	19.6633	19.3998
Institutional Growth Option ^	28.9491	28.4921
Institutional Fortnightly IDCW Option ^	10.6431	10.7084
Institutional Monthly IDCW Option ^	10.6959	10.7750
Institutional Quarterly IDCW Option ^	14.5507	14.3210
Institutional Half Yearly IDCW Option ^	12.0138	12.3211
Direct Plan - Growth Option	31.0635	30.2930
Direct Plan - Monthly IDCW Option	10.6309	10.5675
Direct Plan - Quarterly IDCW Option	12.0235	12.2639
Direct Plan - Half Yearly IDCW Option	-	12.5978
Low		
Regular Plan - Growth Option #	27.0376	25.5094
Regular Plan - Fortnightly IDCW Option #	-	-
Regular Plan - Monthly IDCW Option #	17.0964	16.1301
Regular Plan - Quarterly IDCW Option #	16.4951	15.5627
Regular Plan - Half Yearly IDCW Option #	19.1232	18.0441
Institutional Growth Option ^	28.1055	26.4505
Institutional Fortnightly IDCW Option ^	10.4745	10.3787
Institutional Monthly IDCW Option ^	10.4888	10.3707
Institutional Quarterly IDCW Option ^	14.1267	13.2948
Institutional Half Yearly IDCW Option ^	11.3060	11.6677

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Direct Plan - Growth Option	29.9473	27.9592
Direct Plan - Monthly IDCW Option	10.2436	10.1174
Direct Plan - Quarterly IDCW Option	11.5015	11.7195
Direct Plan - Half Yearly IDCW Option	–	11.8211
End		
Regular Plan - Growth Option #	27.7574	27.0033
Regular Plan - Fortnightly IDCW Option #	–	–
Regular Plan - Monthly IDCW Option #	17.5514	17.0746
Regular Plan - Quarterly IDCW Option #	16.9341	16.4741
Regular Plan - Half Yearly IDCW Option #	19.6305	19.0990
Institutional Growth Option ^	28.9227	28.0668
Institutional Fortnightly IDCW Option ^	10.5876	10.4849
Institutional Monthly IDCW Option ^	10.5965	10.4768
Institutional Quarterly IDCW Option ^	14.5374	14.1072
Institutional Half Yearly IDCW Option ^	11.3291	11.6755
Direct Plan - Growth Option	31.0509	29.8957
Direct Plan - Monthly IDCW Option	10.6266	10.2256
Direct Plan - Quarterly IDCW Option	11.5258	11.8019
Direct Plan - Half Yearly IDCW Option	–	–
2. Closing Assets Under Management (Rs. in Lakhs)		
End	5,497	6,166
Average (AAuM) ¹	5,790	7,598
3. Gross income as % of AAuM ²	5.80%	7.52%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan - Growth Option #	1.98%	1.98%
Institutional Growth Option ^	1.73%	1.74%
Direct Plan - Growth Option	0.94%	0.96%
b. Management Fee as % of AAuM (planwise)		
Regular Plan - Growth Option #	0.75%	0.76%
Institutional Growth Option ^	0.77%	0.80%
Direct Plan - Growth Option	0.72%	0.73%
5. Net Income as a percentage of AAuM ³	4.30%	6.01%
6. Portfolio turnover ratio ⁴	–	–
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Institutional Fortnightly IDCW Option ^	0.2152	0.6128
Institutional Monthly IDCW Option ^	0.1982	0.6473
Institutional Quarterly IDCW Option ^	–	–
Institutional Half Yearly IDCW Option ^	0.7000	0.7000
Direct Plan - Monthly IDCW Option	–	0.7084
Direct Plan - Quarterly IDCW Option	0.7200	0.7200

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Direct Plan - Half Yearly IDCW Option	-	-
Corporate		
Institutional Fortnightly IDCW Option ^	0.2152	0.6128
Institutional Monthly IDCW Option ^	0.1982	0.6473
Institutional Quarterly IDCW Option ^	-	-
Institutional Half Yearly IDCW Option ^	0.7000	0.7000
Direct Plan - Monthly IDCW Option	-	0.7084
Direct Plan - Quarterly IDCW Option	0.7200	0.7200
Direct Plan - Half Yearly IDCW Option	-	-
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option #	2.7926	4.3800
Institutional Growth Option ^	3.0495	4.6300
Direct Plan - Growth Option	3.8641	5.4600
Benchmark		
CRISIL Composite Bond Fund Index	4.4759	7.6900
b. Since Inception		
Scheme		
Regular Plan - Growth Option #	7.2967	7.6400
Institutional Growth Option ^	7.6016	7.9500
Direct Plan - Growth Option	7.3792	7.8200
Benchmark		
CRISIL Composite Bond Fund Index	7.7633	8.0100

Plans Discontinued for fresh subscription

^ Institutional plan is (Regular continue Plan) available for fresh subscription w.e.f. October 01, 2012.

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years and percentages to net assets are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Non-Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	–	–	–	–
– Depreciation	357,050	0.06	699,850	0.11
Certificate of Deposit				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	–
Government Securities				
– Appreciation	–	–	900,340	0.15
– Depreciation	6,083,030	1.11	1,036,240	0.17

- 1.7 The aggregate value of investment securities (excluding CBLO / TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 554,294,700 and Rs. 689,550,530 respectively being 95.73% and 119.10% of the average net assets.

The aggregate value of investment securities (excluding CBLO / TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 4,035,692,560 and Rs. 4,459,512,414 respectively being 531.16% and 586.94% 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 as on March 31, 2022 & March 31, 2021 is Nil

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022****2 Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended.**

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

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

Name of Sponsor/ AMC and its associate/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	2.26	33.50	1,407,859	47.67

Name of Sponsor/ AMC and its associate/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]"	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	4.21	32.80	2,076,457	59.32

Brokerage paid to Sponsor / AMC and its associates / related parties / group companies is NIL.
(Previous year also NIL)

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous Year also Nil)

3 None of the Investors held more than 25% of the total net assets of Scheme as March 31, 2022 & March 31, 2021

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option #	630,010.603	–	16,110.828	613,899.775	10
Regular Plan - Monthly IDCW Option #	787,669.661	–	471.938	787,197.723	10
Regular Plan - Fortnightly IDCW Option #	–	–	–	–	10
Regular Plan - Quarterly IDCW Option #	49,850.744	–	–	49,850.744	10
Regular Plan - Half Yearly IDCW Option #	1,675.319	–	–	1,675.319	10
Growth Option ****	12,873,413.583	2,111,026.556	3,723,819.078	11,260,621.061	10
Monthly IDCW Option ****	1,455,995.154	36,816.618	302,731.915	1,190,079.857	10
Fortnightly IDCW Option ****	725,929.396	19,959.035	38,986.457	706,901.974	10
Quarterly IDCW Option ****	225,398.299	6,631.470	54,617.013	177,412.756	10
Half Yearly IDCW Option ****	9,205.714	9,182.622	10,904.807	7,483.529	10
Direct Plan - Growth Option	6,648,069.191	132,475.911	1,323,296.041	5,457,249.061	10
Direct Plan - Fortnightly IDCW Option	–	–	–	–	10
Direct Plan - Quarterly IDCW Option	8,329.575	22,167.014	29,097.002	1,399.587	10
Direct Plan - Monthly IDCW Option	240.803	1,230.759	1,230.759	240.803	10
Direct Plan - Half Yearly IDCW Option	–	–	–	–	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option #	1,194,533.020	–	564,522.417	630,010.603	10
Regular Plan - Monthly IDCW Option #	1,227,057.637	–	439,387.976	787,669.661	10
Regular Plan - Fortnightly IDCW Option #	–	–	–	–	10
Regular Plan - Quarterly IDCW Option #	69,566.638	–	19,715.894	49,850.744	10
Regular Plan - Half Yearly IDCW Option #	1,675.319	–	–	1,675.319	10
Growth Option ****	22,660,999.105	3,491,867.228	13,279,452.750	12,873,413.583	10
Monthly IDCW Option ****	1,552,434.448	399,967.798	496,407.092	1,455,995.154	10

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Fortnightly IDCW Option ****	704,316.901	40,171.427	18,558.932	725,929.396	10
Quarterly IDCW Option ****	293,320.544	72,434.561	140,356.806	225,398.299	10
Half Yearly IDCW Option ****	149,900.903	11,518.229	152,213.418	9,205.714	10
Direct Plan - Growth Option	11,487,012.909	515,365.006	5,354,308.724	6,648,069.191	10
Direct Plan - Fortnightly IDCW Option	-	-	-	-	10
Direct Plan - Quarterly IDCW Option	2,450.551	7,865.318	1,986.294	8,329.575	10
Direct Plan - Monthly IDCW Option	15,840.126	667.723	16,267.046	240.803	10
Direct Plan - Half Yearly IDCW Option	1.816	-	1.816	-	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 254,406.317 & as on March 31, 2021 is 254,406.317.

**** Earlier known as Institutional Plan.

Plans Discontinued for fresh subscription

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other Income for the year ended March 31, 2022 is Rs. NIL/- (2021: Rs. 807/- (Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

8 Borrowings

Details of borrowings during the year

March 31, 2022					
Name of the Scheme	Date of Borrowing	Amount Borrowed (INR crores)	Rate of Interest	Date of Repayment	Source
Nil					

March 31, 2021					
Name of the Scheme	Date of Borrowing	Amount Borrowed (INR crores)	Rate of Interest	Date of Repayment	Source
HSBC Flexi Debt Fund	31-Jul-20	9.05	3.12%	03-Aug-20	Borrowing in TREPS Segment

As per Regulation 44(2) of SEBI (Mutual Funds) Regulations, 1996, mutual funds are permitted to borrow only to meet temporary liquidity needs of the mutual funds for the purpose of repurchase, redemption of units or payment of dividend etc. AMFI vide its Best Practice guidelines circular no. 71/2017-18 dated Mar 23, 2018 recommended that cost of borrowing made to manage redemptions to the extent of YTM/running yield of the fund as on previous day should be charged to the scheme and any excess

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

cost over YTM/running yield of the previous day may be borne by the AMC. Accordingly AMC has borne Rs. 14400/-.

HSBC Mutual fund has adhered to the recommended practice from the date of the AMFI circular.

9 Investor Education Awareness

In view of the AMFI Best Practices Guidelines Circular No. 56/2016-17, 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, 2022. The break-up of which is as under:

	March 31, 2022	March 31, 2021
Particulars	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

10 Previous year's figures have been re-grouped/re-arranged where appropriate.

11 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department has filed rectification applications under section 254(2) of the Income Tax Act with ITAT against the favourable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022, dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

12 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 13 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Flexi Debt Fund	Moderate	Moderate	0

^ From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 5, 2020.

- 15 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.
- 16 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.
- 17 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 18 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/foservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Debt Fund

An open ended medium to long term debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Debt Fund (HDF)

(An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively high interest rate risk and moderate credit risk)

HDF seeks to provide reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 4 years to 7 years. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSBC Debt Fund amounted to Rs. 41.99 crores as at March 31, 2022 as compared to Rs. 35.13 crores as at March 31, 2021. Around 93.41% of the net assets was invested in debt and money market instruments and 6.59% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

Bond markets were volatile, especially in the second half of the financial year. Rising crude and commodity prices and geopolitical tensions weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall, India's 10 year bond yield started the year at 6.18%, and closed FY 22 at 6.84%. Issuances of corporate bonds were

Trustees' Report

For the year ended March 31, 2022 (Contd...)

quite low given tepid credit growth as well as lower issuances from select public sector bond issuers which were earlier issuing GOI serviced bonds- given the increased transparency in the budget. These off balance sheet borrowings were largely discontinued in FY 22. Overall, the tepid supply from corporate issuers and reasonable liquidity conditions lead to a sharp reduction in corporate spreads across the yield curve and especially at the longer end of the curve.



The scheme's portfolio moved from neutral duration in the first half of the year to underweight duration in the second half of the year. However, the scheme's benchmark index had 55% exposure to corporate bonds. Given its small size, HSBC Debt Fund invests primarily in Government Securities with nil exposure to corporate bonds. Corporate spreads moved from 50-55 bps in January to March 2021 to less than 20 bps in March 2022. Thus corporate bonds outperformed G-Sec during the period, which impacted the performance of the scheme relative to the index in the past one year.

The scheme's portfolio was overweight its benchmark index when yields hardened between 2017 and 2018 impacting negatively on its performance for 3 and 5-year periods - while in 2020-21, exposure to 10 year and beyond part of the curve, impacted performance given the steepening of the yield curve. Long term performance is expected to recover over the period of time.

Date of Inception : 10 December 2002	Absolute Returns (%)		Compounded Annualized Returns (%)	
	1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks				
HSBC Debt Fund – Growth	3.30	6.05	5.35	6.76
CRISIL Composite Bond Fund Index (Scheme Benchmark)	4.48	8.21	7.29	6.97
CRISIL 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	6.00
Rs. 10,000, if invested in HDF, would have become	10,330	11,933	12,981	35,378
Rs. 10,000, if invested in CRISIL Composite Bond Fund Index, would have become	10,448	12,678	14,217	36,758
Rs. 10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	30,816

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Debt Fund	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Moderate risk</p>	<p>Benchmark Index: CRISIL Medium to Long Duration Fund Bill Index</p>  <p>RISKOMETER</p>

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Debt Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		BIII	
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

Trustees' Report

For the year ended March 31, 2022 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated

Trustees' Report

For the year ended March 31, 2022 (Contd...)

at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Debt Fund	2,124	785,660.89	32	1,522,627.98

Trustees' Report

For the year ended March 31, 2022 (Contd...)

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	0	0	
II D	Non receipt of Annual Report/Abridged Summary	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	
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0	
III C	Deviation from Scheme attributes	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	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorshoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

Trustees' Report

For the year ended March 31, 2022 (Contd...)

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Debt Fund	Moderate	Moderate	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
2	<p>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.</p>	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.
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	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	<p>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.</p>	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	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Debt Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Debt Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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 and results of operations of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report *(Contd...)*

In preparing the financial statements, the Management is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Independent Auditors' Report *(Contd...)*

Our opinion is not modified in respect of this matter. Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYLWG7188

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	1,294.34
2	Reserves & Surplus	1,134.14
2.1	Unit Premium Reserves	(590.21)
2.2	Unrealised Appreciation Reserve	-
2.3	Other Reserves	2,953.38
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	-
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	33.16
	TOTAL	4,229.75
ASSETS		
1	Investments	-
1.1	Listed Securities:	-
1.1.1	Equity Shares	-
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	3,922.27
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	3,922.27
2	Deposits	3.55
3	Other Current Assets	1.65
3.1	Cash & Bank Balance	0.31
3.2	TREPS/Reverse Repo Lending	200.64
3.3	Others	102.98
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	4,229.75

Notes to Accounts - Annexure I

Abridged Revenue Account For the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	-	-
1.2 Interest	249.22	228.68
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	(35.24)	72.91
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	-	-
	(A) 213.98	301.59
2 EXPENSES		
2.1 Investment Management Fees	43.58	40.35
2.2 GST on Investment Management Fees	7.84	7.26
2.3 Transfer Agents Fees and Expenses	1.31	1.32
2.4 Custodian Fees	-	0.02
2.5 Trusteeship Fees	0.10	0.05
2.6 Commission to Agents	9.59	9.36
2.7 Marketing & Distribution Expenses	0.08	0.17
2.8 Audit Fees	0.20	0.20
2.9 Investor Education Expenses	0.78	0.73
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	0.58	0.66
	(B) 64.06	60.12
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	149.92	241.47
4 Change in Unrealised Depreciation in Value of Investments (Refer Note 11 (I, II, III))	(D) (19.65)	(46.98)
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	130.27	194.49
6 Change in Unrealised Appreciation in Value of Investments	(F) -	(22.14)
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	130.27	172.35
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	22.14
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	-	-
7.3 Add/(Less) : Equalisation	412.51	(211.44)
7.4 Transfer from Reserve Fund	2,953.38	2,984.79
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	3,496.16	2,967.84
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(14.25)	(14.46)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,481.91	2,953.38

Notes to Accounts - Annexure I

Key Statistics For the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option	34.2479	32.8091
Regular Quarterly IDCW Option	11.0797	11.2670
Direct Plan - Growth Option	36.5469	34.7199
Direct Plan - Quarterly IDCW Option	11.1520	11.2876
High		
Regular Growth Option	35.5362	35.0207
Regular Quarterly IDCW Option	11.2864	11.6107
Direct Plan - Growth Option	38.1467	37.2989
Direct Plan - Quarterly IDCW Option	11.3945	11.6814
Low		
Regular Growth Option	34.3312	32.3485
Regular Quarterly IDCW Option	10.7364	11.0689
Direct Plan - Growth Option	36.6493	34.2389
Direct Plan - Quarterly IDCW Option	10.8587	11.1311
End		
Regular Growth Option	35.3778	34.2479
Regular Quarterly IDCW Option	10.7608	11.0797
Direct Plan - Growth Option	38.0692	36.5469
Direct Plan - Quarterly IDCW Option	10.8840	11.1520
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4,199	3,513
Average (AAuM) ¹	3,879	3,640
3. Gross income as % of AAuM ²	5.52%	8.29%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Growth Option	2.07%	2.07%
Direct Plan - Growth Option	1.23%	1.23%
b. Management Fee as % of AAuM (planwise)		
Regular Growth Option	1.27%	1.25%
Direct Plan - Growth Option	0.98%	0.97%
5. Net Income as a percentage of AAuM ³	3.86%	6.63%
6. Portfolio turnover ratio ⁴	-	-

Key Statistics For the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Quarterly IDCW Option	0.6800	0.6800
Direct Plan - Quarterly IDCW Option	0.7200	0.7200
Corporate		
Regular Quarterly IDCW Option	0.6800	0.6800
Direct Plan - Quarterly IDCW Option	0.7200	0.7200
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option	3.2992	4.3900
Direct Plan - Growth Option	4.1653	5.2600
Benchmark		
CRISIL Composite Bond Fund Index (Debt Fund)	4.4759	7.6900
b. Since Inception		
Scheme		
Regular Growth Option	6.7592	6.9500
Direct Plan - Growth Option	7.1982	7.5700
Benchmark		
CRISIL Composite Bond Fund Index	6.9709	7.1100

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573

- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years 2022 and 2021 and their percentages to net assets are as under :

Security Category	2022		2021	
	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
Non Convertible Debentures and Bonds Listed /Awaiting Listing				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	–
Certificate of Deposit				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	–
Government Securities				
– Appreciation	–	–	400,390	0.11
– Depreciation	6,800,632	1.62	5,236,216	1.49

- 1.7. The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 574,294,733 and Rs. 507,759,759 respectively being 148.05% and 130.90% of the average net assets.

The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 1,046,750,561 and Rs. 1,031,703,773 respectively being 287.57% and 283.43% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets as on March 31, 2022 & March 31, 2021 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 2021-22, The Hong Kong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges are Nil.

During the year 2020-21, The Hong Kong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges are Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2021-2022	0.05	0.50	527,844	55.57

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2020-2021	0.05	1.93	233,157	39.24

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL. (Previous year also NIL).

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hong Kong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.- Nil. (Previous year also Nil).

3 None of the Investors held more than 25% of the total net assets of Scheme as March 31, 2022 & March 31, 2021.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Quarterly IDCW Option	2,090,909.436	77,742.539	81,587.148	2,087,064.827	10
Regular Growth Option	4,338,333.707	2,314,358.276	408,941.535	6,243,750.448	10
Direct Plan - Growth Option	4,899,880.208	601,059.024	900,957.081	4,599,982.151	10
Direct Plan - Quarterly IDCW Option	12,308.436	3,624.356	3,318.589	12,614.203	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Quarterly IDCW Option	2,215,549.823	59,695.061	184,335.448	2,090,909.436	10
Regular Growth Option	4,558,597.208	401,573.290	621,836.791	4,338,333.707	10
Direct Plan - Growth Option	5,547,653.017	348,146.472	995,919.281	4,899,880.208	10
Direct Plan - Quarterly IDCW Option	10,036.800	17,692.629	15,420.993	12,308.436	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 206,147.313 & as on March 31, 2021 is 206,147.313.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other Income is Rs. Nil (2021: Other Income is Rs. 429/- Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).
- 8 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

9 Previous year's figures have been re-grouped/re-arranged where appropriate.

10 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

11 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Debt Fund	Moderate	Moderate	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- 14 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.
- 15 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.
- 16 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, (“HSBC AMC”), HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the “HSBC Trustees”) have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the “L&T AMC”), L&T Mutual Fund Trustee Limited (the “L&T Trustee”), that are the existing asset management company and trustee company of L&T Mutual Fund (“L&T MF”), respectively and L&T Finance Holdings Limited (the “Seller”), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund (“L&T MF Schemes”) whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 17 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir/8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Short Duration Fund

An open ended short term debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Short Duration Fund (HSDF)

(An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Moderate interest rate risk and moderate credit risk)

HSDF seeks to provide reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 1 year to 3 years. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSBC Short Duration Fund amounted to Rs. 253.14 crores as at March 31, 2022 as compared to Rs. 153.39 crores as at March 31, 2021. Around 93.24% of the net assets were invested in debt and money market instruments and 6.76% of the net assets comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

HSDF underperformed its benchmark over a 1-year time frame owing to relatively higher exposure to government securities (relative to corporate bonds) as compared to the benchmark. The relative performance was also impacted marginally owing to no exposure to non-AAA assets unlike benchmark which has exposure to bonds and to CPs that are rated non-AAA on the long term rating scale.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

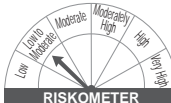
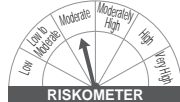
HSDF underperformed its scheme's benchmark over 3- year and 5year periods - given a credit event in one of the scheme's exposure (Dewan Housing Finance Ltd) which was downgraded from AAA in 2019 to D in 2019. On 8th May 2020, the scheme had written off 100% and later in the month of July the security was sold off - at around 22% of the face value as outlook of the recovery was grim given the pandemic.

Date of Inception : 10 December 2002	Absolute Returns (%)	Compounded Annualized Returns (%)		
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception
HSBC Short Duration Fund - Growth	3.93	2.10	3.70	6.25
CRISIL Short Term Bond Fund Index (Scheme Benchmark)	5.19	7.58	7.29	7.21
CRISIL 1 Year T-Bill Index (Additional Benchmark)*	3.76	5.28	5.82	5.91
CRISIL 10 Year Gilt Index (Additional Benchmark)*	1.08	6.27	5.02	6.00
Rs. 10,000, if invested in HSDF, would have become	10,393	10,644	11,990	32,264
Rs. 10,000, if invested in CRISIL Short Term Bond Fund Index, would have become	10,519	12,458	14,221	38,410
Rs. 10,000, if invested in CRISIL 1 Year T-Bill Index, would have become	10,376	11,675	13,272	30,315
Rs. 10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	30,816

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

*Additional benchmark as per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Short Duration Fund	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index: CRISIL Short Duration Fund BII Index</p>  <p>RISKOMETER</p>

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Short Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)		BII	
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

Trustees' Report

For the year ended March 31, 2022 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated

Trustees' Report

For the year ended March 31, 2022 (Contd...)

at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Short Duration Fund	238	129,508.60	7	1,227,776.22

Trustees' Report

For the year ended March 31, 2022 (Contd...)

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 30 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

Trustees' Report

For the year ended March 31, 2022 (Contd...)

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Short Duration Fund	Moderate	Low to Moderate	3

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/ non-compliance, if any
2	<p>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.</p>	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.
3	<p>Principle 3: Institutional investors should monitor their investee companies.</p>	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	<p>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.</p>	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	<p>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Short Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Short Duration Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report *(Contd...)*

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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Independent Auditors' Report (Contd...)

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYNA03559

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1 Unit Capital	8,071.09	5,635.64
2 Reserves & Surplus		
2.1 Unit Premium Reserves	445.81	115.32
2.2 Unrealised Appreciation Reserve	5.72	-
2.3 Other Reserves	16,799.29	9,640.03
3 Loans & Borrowings	-	-
4 Current Liabilities & Provisions		
4.1 Provision for Doubtful Income / Deposits	-	-
4.2 Other Current Liabilities & Provisions	53.53	130.30
TOTAL	25,375.44	15,521.29
ASSETS		
1 Investments		
1.1 Listed Securities:		
1.1.1 Equity Shares	-	-
1.1.2 Preference Shares	-	-
1.1.3 Equity Linked Debentures	-	-
1.1.4 Other Debentures & Bonds	15,746.99	9,757.93
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	4,020.84	4,695.19
1.5 Treasury Bills	-	-
1.6 Commercial Paper	-	-
1.7 Certificate of Deposits	3,834.95	-
1.8 Bill Rediscounting	-	-
1.9 Units of Domestic Mutual Fund	-	-
1.10 Foreign Securities	-	-
Total Investments	23,602.78	14,453.12
2 Deposits	6.11	3.29
3 Other Current Assets		
3.1 Cash & Bank Balance	0.07	1.16
3.2 TREPS / Reverse Repo Lending	1,229.75	598.75
3.3 Others	536.73	464.97
4 Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL	25,375.44	15,521.29

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	-	-
1.2 Interest	1,528.97	1,507.46
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	(205.90)	(7,338.01)
1.6 Realised Gains / (Losses) on Derivative Transactions	-	-
1.7 Other Income	0.04	0.03
(A)	1,323.11	(5,830.52)
2 EXPENSES		
2.1 Investment Management Fees	61.59	80.72
2.2 GST on Investment Management Fees	11.09	14.53
2.3 Transfer Agents Fees and Expenses	8.44	7.98
2.4 Custodian Fees	1.02	1.06
2.5 Trusteeship Fees	0.65	0.27
2.6 Commission to Agents	42.57	45.50
2.7 Marketing & Distribution Expenses	0.02	0.29
2.8 Audit Fees	0.20	0.36
2.9 Investor Education Expenses	4.94	4.57
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	1.72	1.84
(B)	132.24	157.12
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	1,190.87	(5,987.64)
4 Change in Unrealised Depreciation in Value of Investments [Refer Note 11 (I, II, III)]	(D) (201.08)	6,796.92
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	989.79	809.28
6 Change in Unrealised Appreciation in Value Investments	(F) 5.72	-
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	995.51	809.28
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(5.72)	-
7.3 Add / (Less) : Equalisation	6,186.61	(8,911.51)
7.4 Transfer from Reserve Fund	9,640.03	17,752.07
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	16,816.43	9,649.84
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(17.14)	(9.81)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	16,799.29	9,640.03

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option	31.0443	29.9345
Regular Quarterly IDCW Option	10.8376	10.4504
Regular Weekly IDCW Option	10.1822	9.9730
Regular Monthly IDCW Option	11.3822	10.9778
Direct Plan - Growth Option	33.4808	31.9560
Direct Plan - Weekly IDCW Option	10.2231	10.0763
Direct Plan - Monthly IDCW Option	12.9496	12.3702
Direct Plan - Quarterly IDCW Option	-	-
High		
Regular Growth Option	32.2644	31.1319
Regular Quarterly IDCW Option	11.2712	10.8683
Regular Weekly IDCW Option	10.2288	10.2254
Regular Monthly IDCW Option	11.8297	11.4144
Direct Plan - Growth Option	35.0832	33.4938
Direct Plan - Weekly IDCW Option	10.2542	10.2602
Direct Plan - Monthly IDCW Option	13.5878	12.9646
Direct Plan - Quarterly IDCW Option	-	-
Low		
Regular Growth Option	31.1017	27.2888
Regular Quarterly IDCW Option	10.8577	9.5267
Regular Weekly IDCW Option	10.1569	9.0916
Regular Monthly IDCW Option	11.4033	10.0053
Direct Plan - Growth Option	33.5497	29.1627
Direct Plan - Weekly IDCW Option	10.1849	9.1955
Direct Plan - Monthly IDCW Option	12.9749	11.2887
Direct Plan - Quarterly IDCW Option	-	-
End		
Regular Growth Option	32.2644	31.0443
Regular Quarterly IDCW Option	11.2712	10.8376
Regular Weekly IDCW Option	10.2026	10.1822
Regular Monthly IDCW Option	11.8297	11.3822
Direct Plan - Growth Option	35.0832	33.4808
Direct Plan - Weekly IDCW Option	10.2251	10.2231
Direct Plan - Monthly IDCW Option	13.5878	12.9496
Direct Plan - Quarterly IDCW Option	-	-

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
2. Closing Assets Under Management (Rs. in Lakhs)		
End	25,314	15,339
Average (AAuM) ¹	24,687	22,845
3. Gross income as % of AAuM ²	5.36%	-25.52%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Growth Option	1.10%	1.29%
Direct Plan - Growth Option	0.28%	0.27%
b. Management Fee as % of AAuM (planwise)		
Regular Growth Option	0.41%	0.67%
Direct Plan - Growth Option	0.18%	0.17%
5. Net Income as a percentage of AAuM ³	4.82%	-26.21%
6. Portfolio turnover ratio ⁴	-	-
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Weekly IDCW Option	0.3729	0.1596
Regular Quarterly IDCW Option	-	-
Regular Monthly IDCW Option	-	0.0025
Direct Plan - Weekly IDCW Option	0.4686	0.3215
Direct Plan - Monthly IDCW Option	-	-
Direct Plan - Quarterly IDCW Option	-	-
Corporate		
Regular Weekly IDCW Option	0.3729	0.1596
Regular Quarterly IDCW Option	-	-
Regular Monthly IDCW Option	-	0.0025
Direct Plan - Weekly IDCW Option	0.4686	0.3215
Direct Plan - Monthly IDCW Option	-	-
Direct Plan - Quarterly IDCW Option	-	-
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option	3.9302	3.7100
Direct Plan - Growth Option	4.7860	4.7700
Benchmark		
CRISIL Short-Term Bond Fund Index	5.1902	7.8000

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
b. Since Inception		
Scheme		
Regular Growth Option	6.2513	6.3800
Direct Plan - Growth Option	6.7046	6.9400
Benchmark		
CRISIL Short-Term Bond Fund Index	7.2147	7.3300

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.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of years ended March 31, 2022 and March 31, 2021 is NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738

- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 & March 31, 2021 (Ref. Note 11).
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years 2022 and 2021 and their percentages to net assets are as under :

Security Category	2022		2021	
	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
Non Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	580,549	0.02	4,217,998	0.27
– Depreciation	16,025,965	0.63	4,721,555	0.31
Certificate of Deposit				
– Appreciation	571,811	0.02	–	–
– Depreciation	–	–	–	–
Government Securities				
– Appreciation	–	–	313,530	0.02
– Depreciation	8,354,926	0.33	3,502,066	0.23

- 1.7. The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 3,350,560,492 and Rs. 2,397,036,890 respectively being 135.72% and 97.10% of the average net assets.

The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 5,908,533,203 and Rs. 7,377,052,326 respectively being 258.63% and 322.91% of the average net assets.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

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

Security Category	Fair Value (Rupees)	Percentage to Net Assets	Fair Value (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	1,574,698,950	62.21%	923,818,916	60.23%
Money Market Instruments	239,318,250	9.45%	–	–
Total	1,814,017,200	71.66%	923,818,916	60.23%

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

During the year 2021-22, The Hong Kong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges are Nil and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, The Hong Kong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges are Nil and clearing member charges on derivative transactions amounting to Rs. Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2021-2022	41.22	14.28	2,665,539	64.01

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2020-2021	19.34	10.34	2,964,642	71.98

Brokerage paid to Sponsor / AMC and its associates/related parties /group companies is NIL.
(Previous year also NIL).

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hong Kong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.- Nil. (Previous year also Nil).
- 3 Details of investors holding units in the scheme over 25% of the NAV as on March 31, 2022 & March 31, 2021

Name of Scheme	March 31, 2022		March 31, 2021	
	Number of Investor	% Investment	Number of Investor	% Investment
HSBC Short Duration Fund	Nil		1	25.88%

- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Monthly IDCW Option	8,650,277.598	246,509.328	1,837,396.862	7,059,390.064	10
Regular Growth Option	17,510,059.561	21,054,175.780	23,660,509.538	14,903,725.803	10
Regular Quarterly IDCW Option	3,409.208	–	2,915.930	493.278	10
Regular Weekly IDCW Option	4,417,427.190	124,838.888	1,274,937.254	3,267,328.824	10
Direct Plan - Growth Option	25,304,860.489	64,238,315.559	34,543,372.361	54,999,803.687	10
Direct Plan - Monthly IDCW Option	54.923	371.843	–	426.766	10
Direct Plan - Weekly IDCW Option	470,340.375	20,044.726	10,641.882	479,743.219	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Monthly IDCW Option	26,864,853.457	23,325.597	18,237,901.456	8,650,277.598	10
Regular Growth Option	64,127,358.680	12,008,114.973	58,625,414.092	17,510,059.561	10
Regular Quarterly IDCW Option	3,409.208	23,961.268	23,961.268	3,409.208	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Weekly IDCW Option	14,690,233.714	65,966.863	10,338,773.387	4,417,427.190	10
Direct Plan - Growth Option	27,403,382.970	47,170,170.923	49,268,693.404	25,304,860.489	10
Direct Plan - Monthly IDCW Option	1,234.074	3,410.640	4,589.791	54.923	10
Direct Plan - Weekly IDCW Option	464,252.344	13,725.312	7,637.281	470,340.375	10

** Units held by the AMC in Direct Plan Growth Option as on March 31, 2022 is 12,106,882.110 & as on March 31, 2021 is 12,106,882.110.

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other Income is Rs. 3,684/- Fund transfer from focused fund to HSBC Short Duration Fund, short funding in switch a/c. (2021:Rs. 3,258/- Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTG/NEFT in HSBC Short Duration Fund)

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

9 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

10 Previous year's figures have been re-grouped/re-arranged where appropriate.

11 I) Hair Cut in receivables & interest during the year in security rated below Investment Grade or Default :

(Rs. in Lakhs)

Scheme name	Name of the security	ISIN	March 31, 2022		
			Hair cut in receivables (A)	Hair cut in interest accrued #	Total Hair cut during the Year (A+B)
HSBC Short Duration Fund	8.9% DHFL NCD RED 04-06-2021	INE202B071Y2	-	-	-
HSBC Short Duration Fund	9.10% DEWAN HSG FIN NCD RED 16-08-2019	INE202B07HQ0	-	-	-
HSBC Short Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B071J3	-	-	-

(Rs. in Lakhs)

Scheme name	Name of the security	ISIN	March 31, 2021		
			Hair cut in receivables (A)	Hair cut in interest accrued #	Total Hair cut during the Year (A+B)
HSBC Short Duration Fund	8.9% DHFL NCD RED 04-06-2021	INE202B071Y2	-	-	-
HSBC Short Duration Fund	9.10% DEWAN HSG FIN NCD RED 16-08-2019	INE202B07HQ0	1,250.00	91.00	1,341.00
HSBC Short Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B071J3	375.00	24.83	399.83

Interest Accrual was stopped from 4th June 2019

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

II) Details of sale of below investment grade or default securities :-

There are no sale of securities (Below investment grade or default) during the year ended March 31, 2022.

During the year ended March 31, 2021, following securities (Below investment grade or default securities) have been sold at the value set out in the table below and the consequential loss on sale of these securities has been recognised in the revenue account.

(in Rs. Lacs)

Scheme name	Name of the security	ISIN	Trade Date	Selling Value of the security
HSBC Short Duration Fund	9.10% DEWAN HSG FIN NCD RED 16-08-2019	INE202B07HQ0	06-Jul-2020	1,123.88
HSBC Short Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B07IJ3	06-Jul-2020	335.36
HSBC Short Duration Fund	8.90% DHFL NCD RED 04-06-2021	INE202B07IY2	08-May-2020	375.00

III) Details of Below investment grade or default security as at year end :

As at March 31, 2022 & March 31, 2021, there are no investments in Below investment grade or default securities held by the Schemes.

- 12 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 13 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 14 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.
- 15 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.
- 16 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Short Duration Fund	Moderate	Low to Moderate	3

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

- 17 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 18 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
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*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Corporate Bond Fund

An open ended debt scheme predominantly investing in AA + and above rated corporate bonds

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Corporate Bond Fund (HCBF)

(An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. Moderate interest rate risk and relatively low credit risk)

HCBF seeks to generate reasonable income and provide risk-adjusted returns by investing primarily in AA+ and above rated corporate debt securities. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSBC Corporate Bond Fund amounted to Rs. 211.55 crores as at March 31, 2022 as compared to Rs. 374.10 crores as at March 31, 2021. The entire net assets were invested in debt and money market instruments as at March 31, 2022. The scheme was launched on September 29, 2020.

. During the portfolio construction stage markets rallied leading to its underperformance in 2020-21. Also due to conservative investments and under ownership of non AAA Assets it lagged in the first six months and also in 2021-22.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 29 September 2020	Absolute Returns (%)		Compounded Annualized (%)	
	1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks				
HSBC Corporate Bond Fund - Growth	4.68	NA	NA	4.10
NIFTY Corporate Bond Index (Scheme Benchmark)	5.54	NA	NA	5.87
CRISIL 10 year Gilt Index (Additional Benchmark)	1.08	NA	NA	1.94
CRISIL Corporate Bond Composite Index (Additional Benchmark)	5.47	NA	NA	6.09
Rs. 10,000, if invested in HCBF, would have become	10,468	NA	NA	10,622
Rs. 10,000, if invested in NIFTY Corporate Bond Index, would have become	10,554	NA	NA	10,895
Rs. 10,000, if invested in CRISIL 10 year Gilt Index , would have become	10,108	NA	NA	10,293
Rs. 10,000, if invested in CRISIL Corporate Bond Composite Index, would have become	10,547	NA	NA	10,929

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Corporate Bond Fund	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index: NIFTY Short Duration Debt Index A-II</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Corporate Bond Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)	All		
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FII Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FII flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FII flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

c. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Corporate Bond Fund	10	152.74		

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

		2021-2022										
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able *	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

Trustees' Report

For the year ended March 31, 2022 (Contd...)

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Corporate Bond Fund	Moderate	Low to Moderate	1

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Corporate Bond Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Corporate Bond Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a

Independent Auditors' Report (Contd...)

true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is 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 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.

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.

Other Matter

The financial statements of the Scheme for the period ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale
Partner
Membership No: 117812
UDIN: 22117812ALYLQH3742

Place : Mumbai
Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

		HSBC CORPORATE BOND FUND	
		As at	As at
		March 31, 2022	March 31, 2021
LIABILITIES			
1	Unit Capital	19,886.90	36,853.09
2	Reserves & Surplus		
2.1	Unit Premium Reserves	(14.57)	14.71
2.2	Unrealised Appreciation Reserve	-	9.58
2.3	Other Reserves	1,279.75	528.72
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions		
4.1	Provision for Doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	52.22	74.88
TOTAL		21,204.30	37,480.98
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	-	-
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	16,778.08	31,078.80
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	1,997.45	4,057.19
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		18,775.53	35,135.99
2	Deposits	6.11	4.12
3	Other Current Assets		
3.1	Cash & Bank Balance	0.07	2.35
3.2	TREPS / Reverse Repo Lending	1,837.20	1,154.88
3.3	Others	585.39	1,183.64
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL		21,204.30	37,480.98

Notes to Accounts – Annexure I

Abridged Revenue Account for the period ended March 31, 2022

Rs. in Lakhs

		HSBC CORPORATE BOND FUND	
		Current year ended March 31, 2022	Previous period ended March 31, 2021
1	INCOME		
1.1	Dividend	-	-
1.2	Interest	1,672.52	1,975.20
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	(50.69)	(560.70)
1.6	Realised Gains/(Losses) on Derivative Transactions	-	-
1.7	Other Income	-	0.09
2	EXPENSES	(A)	1,414.59
2.1	Investment Management Fees	89.68	99.67
2.2	GST on Investment Management Fees	16.14	17.94
2.3	Transfer Agents Fees and Expenses	9.53	12.26
2.4	Custodian Fees	1.58	1.40
2.5	Trusteeship Fees	0.80	0.19
2.6	Commission to Agents	71.96	70.40
2.7	Selling and Distribution Expenses	0.30	0.20
2.8	Audit Fees	0.20	0.88
2.9	Investor Education Expenses	5.72	6.78
2.10	Interest on Borrowing	-	-
2.11	Other Operating Expenses	2.20	4.49
		(B)	214.21
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	1,200.38
4	Change in Unrealised Depreciation in Value of Investments	(D)	46.90
			(232.30)
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	968.08
6	Change in Unrealised Appreciation in Value of Investments	(F)	(9.58)
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	977.66
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	9.58	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	-	(9.58)
7.3	Add/(Less) : Equalisation	(694.30)	(433.46)
7.4	Transfer from Reserve Fund	528.72	-
7.5	Transfer from Unit Premium Reserve	-	-
8	Total	1,305.04	534.62
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(25.29)	(5.90)
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	1,279.75	528.72

Notes to Accounts - Annexure I

Key Statistics for the period ended March 31, 2022

	Current Year ended March 31, 2022	Previous Period ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Plan – Growth Option	10.1477	–
Regular Plan – Monthly IDCW Option	10.0381	–
Regular Plan – Quarterly IDCW Option	10.1477	–
Regular Plan – Half Yearly IDCW Option	10.1477	–
Direct Plan – Growth Option	10.1690	–
Direct Plan – Monthly IDCW Option	10.0995	–
Direct Plan – Quarterly IDCW Option	10.1690	–
Direct Plan – Half Yearly IDCW Option	10.1690	–
High		
Regular Plan – Growth Option	10.6224	10.2489
Regular Plan – Monthly IDCW Option	10.1160	10.1382
Regular Plan – Quarterly IDCW Option	10.3526	10.2489
Regular Plan – Half Yearly IDCW Option	10.4850	10.2489
Direct Plan – Growth Option	10.6894	10.2605
Direct Plan – Monthly IDCW Option	10.2703	10.2135
Direct Plan – Quarterly IDCW Option	10.3855	10.2605
Direct Plan – Half Yearly IDCW Option	10.5276	10.2605
Low		
Regular Plan – Growth Option	10.1788	10.0040
Regular Plan – Monthly IDCW Option	9.9933	9.9505
Regular Plan – Quarterly IDCW Option	10.0748	10.0040
Regular Plan – Half Yearly IDCW Option	10.0682	10.0040
Direct Plan – Growth Option	10.2007	10.0043
Direct Plan – Monthly IDCW Option	10.1310	10.0043
Direct Plan – Quarterly IDCW Option	10.1011	10.0043
Direct Plan – Half Yearly IDCW Option	10.1139	10.0043
End		
Regular Plan – Growth Option	10.6224	10.1477
Regular Plan – Monthly IDCW Option	10.0445	10.0381
Regular Plan – Quarterly IDCW Option	10.0848	10.1477
Regular Plan – Half Yearly IDCW Option	10.0782	10.1477
Direct Plan – Growth Option	10.6894	10.1690
Direct Plan – Monthly IDCW Option	10.2599	10.0995
Direct Plan – Quarterly IDCW Option	10.1115	10.1690
Direct Plan – Half Yearly IDCW Option	10.1243	10.1690
2. Closing Assets Under Management (Rs. in Lakhs)		
End	21,155	37,411
Average (AAuM) ¹	28,597	67,289
3. Gross income as % of AAuM ² (Annualised)	5.67%	4.17%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise) (Annualised)		
Regular Plan – Growth Option	0.77%	0.76%
Direct Plan – Growth Option	0.35%	0.35%

Key Statistics for the period ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Period ended March 31, 2021
b. Management Fee as % of AAUM (planwise) (Annualised)		
Regular Plan – Growth Option	0.33%	0.33%
Direct Plan – Growth Option	0.24%	0.22%
5. Net Income as a percentage of AAUM ³ (Annualised)	4.98%	3.54%
6. Portfolio turnover ratio ⁴	–	–
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Plan – Monthly IDCW Option	0.4531	0.1097
Regular Plan – Quarterly IDCW Option	0.5300	–
Regular Plan – Half Yearly IDCW Option	0.5400	–
Direct Plan – Monthly IDCW Option	0.3483	0.0692
Direct Plan – Quarterly IDCW Option	0.5700	–
Direct Plan – Half Yearly IDCW Option	0.5600	–
Corporate		
Regular Plan – Monthly IDCW Option	0.4531	0.1097
Regular Plan – Quarterly IDCW Option	0.5300	–
Regular Plan – Half Yearly IDCW Option	0.5400	–
Direct Plan – Monthly IDCW Option	0.3483	0.0692
Direct Plan – Quarterly IDCW Option	0.5700	–
Direct Plan – Half Yearly IDCW Option	0.5600	–
8. Returns(%):		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	4.68	NA
Direct Plan – Growth Option	5.12	NA
Benchmark		
NIFTY Corporate Bond Index	5.54	NA
b. Since Inception		
Scheme		
Regular Plan – Growth Option	4.10	2.95 ¥¥
Direct Plan – Growth Option	4.10	3.37 ¥¥
Benchmark		
NIFTY Corporate Bond Index	5.87	6.44 ¥¥

¥¥ Since scheme has not completed one year, since inception scheme & benchmark returns are simple-annualised returns.

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year ended March 31, 2022 & March 31, 2021 is NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738

- 1.4. Open positions of Securities Borrowed and / or Lent by the scheme as of the period ended March 31, 2022 & March 31, 2021 is NIL.
- 1.5. Investment in Below investment grade and default/ Securities in default beyond its maturity date as on March 31, 2022 & March 31, 2021 is NIL.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the financial years and percentages to net assets are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	1,076,999	0.05	3,390,772	0.16
– Depreciation	18,975,581	0.90	26,621,054	1.26
Government Securities				
– Appreciation	526,729	0.02	1,454,852	0.07
– Depreciation	1,168,540	0.06	497,340	0.02

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2021 - 2022 (excluding accretion of discount) is Rs. 935,071,807 and Rs. 2,570,312,040 respectively being 32.70% and 89.88% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2020 - 2021 (excluding accretion of discount) is Rs. 817,92,29,229 and Rs. 458,74,80,610 respectively being 241.13% and 135.24% 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 as under :

Security Category	Fair Value (Rupees)	Percentage to Net Assets	Fair Value (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	1,270,890,150	60.08	2,857,397,650	135.07
Total	1,270,890,150	60.08	2,857,397,650	135.07

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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

Name of Sponsor/ AMC and its associate/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	44.03	38.71	7,632,752	91.14
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	527.31	58.83	4,527,819	74.35

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

The brokerage paid was at rates similar to those offered to other brokers / distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil.
 - (ii) Devolvement - Nil.
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil.
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil.
- 3 None of the Investors held more than 25% of the total net assets of HSBC Corporate Bond Fund as at March 31, 2022 and March 31, 2021
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	301,094,775.895	42,713,828.883	214,505,342.160	129,303,262.618	10
Regular Plan - Monthly IDCW Option	4,064,710.155	1,222,532.322	2,836,729.921	2,450,512.556	10
Regular Plan - Quarterly IDCW Option	1,290,225.996	961,357.901	1,805,980.645	445,603.252	10

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Half Yearly IDCW Option	801,250.154	3,372.247	744,612.014	60,010.387	10
Direct Plan - Growth Option	61,215,292.186	59,039,659.460	53,705,516.604	66,549,435.042	10
Direct Plan - Monthly IDCW Option	9,801.795	522.708	6,503.765	3,820.738	10
Direct Plan - Quarterly IDCW Option	17,421.389	-	7,926.343	9,495.046	10
Direct Plan - Half Yearly IDCW Option	37,441.658	22,827.694	13,442.858	46,826.494	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	-	549,201,028.019	248,106,252.124	301,094,775.895	10
Regular Plan - Monthly IDCW Option	-	7,309,403.850	3,244,693.695	4,064,710.155	10
Regular Plan - Quarterly IDCW Option	-	4,695,317.055	3,405,091.059	1,290,225.996	10
Regular Plan - Half Yearly IDCW Option	-	1,269,489.139	468,238.985	801,250.154	10
Direct Plan - Growth Option	-	313,646,220.206	252,430,928.020	61,215,292.186	10
Direct Plan - Monthly IDCW Option	-	33,288.182	23,486.387	9,801.795	10
Direct Plan - Quarterly IDCW Option	-	20,421.239	2,999.850	17,421.389	10
Direct Plan - Half Yearly IDCW Option	-	38,441.608	999.950	37,441.658	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 499,975.001 & as on March 31, 2021 is 499,975.001.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

- 5 No contingent liabilities for the years ended March 31, 2022 & March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 7 Other Income is Rs. Nil/- (2021 : Rs. 9143/- represents Penal Interest received from Bank towards delay of RTGS/NEFT.)

9 Investor Education Awareness

In view of the AMFI Best Practices Guidelines Circular No. 56/2016-17, 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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Previous year's figures have been re-grouped / re-arranged where appropriate.
- 11 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

12 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Corporate Bond Fund	Moderate	Low to Moderate	1

[^]From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 13 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.
- 14 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.

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

- 15 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 16 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger / consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 17 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and August June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://portal.incometax.gov.in/iec/foreservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Low Duration Fund

An open ended low duration debt Scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Low Duration Fund (HLDF)

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and moderate credit risk)

HLDF seeks to provide liquidity and reasonable returns by investing primarily in a mix of debt and money market instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HLDF amounted to Rs. 235.54 crores as at March 31, 2022 compared to Rs. 114.54 crores as at March 31, 2021. Around 99.33% of the net assets were invested in debt and money market instruments and 0.67% comprised of reverse repos/TREPS and net current assets as at March 31, 2022.

HLDF underperformed the benchmark in the past one year owing to no exposure to non-AAA assets while benchmark has exposure both to bonds and CPs of issuers whose rating is lower than AAA on the long term rating scale HLDF underperformed its scheme's benchmark over 3 year and 5 year timeframe given a credit event in one of the scheme's exposure (Dewan Housing Finance Ltd) which was downgraded from AAA in 2019 to D in 2019. On 8th May 2020, the scheme had written off 100% and later in the month of

Trustees' Report



For the year ended March 31, 2022 (Contd...)

July 2020 the security was - sold off at around 22% of the face value as outlook of the recovery was grim given the pandemic.

Date of Inception : 17 October 2006	Absolute Returns (%)		Compounded Annualized Returns (%)		
	1 Year	3 Years	5 Years	Since Inception	
Scheme Name & Benchmarks					
HSBC Low Duration Fund - Growth	3.60	0.87	3.16	5.59	
CRISIL Low Duration Debt Index (Scheme Benchmark)*	4.49	6.33	6.79	7.89	
CRISIL 1 Year T-Bill Index (Additional Benchmark)	3.76	5.28	5.82	6.58	
10,000, if invested in HLDF, would have become	10,360	10,262	11,681	16,771	
10,000, if invested in CRISIL Low Duration Debt Index, would have become	10,449	12,023	13,887	20,569	
10,000, if invested in CRISIL 1 Year T-Bill Index, would have become	10,376	11,670	13,270	18,324	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Low Duration Fund	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index: CRISIL Low Duration Fund BI Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Low Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by -10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to -11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

c. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Low Duration Fund	67	34,557.28	14	81,599.59

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able *	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

Trustees' Report

For the year ended March 31, 2022 (Contd...)

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 30 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Low Duration Fund	Low to Moderate	Low to Moderate	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 *(Contd...)*

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Low Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Low Duration Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report *(Contd...)*

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet and Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYOYJ4546

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	8,169.67
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(66.50)
2.2	Unrealised Appreciation Reserve	1.41
2.3	Other Reserves	4,346.96
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	44.65
	TOTAL	12,496.19
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	9,224.40
1.1.5	Securitised Debt Securities	11,861.28
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	1,046.51
1.5	Treasury Bills	1,923.45
1.6	Commercial Paper	-
1.7	Certificate of Deposits	984.84
1.8	Bill Rediscounting	-
1.9	Units of Domestic Mutual Fund	-
1.10	Foreign Securities	-
	Total Investments	11,255.75
2	Deposits	2.47
3	Other Current Assets	
3.1	Cash & Bank Balance	0.43
3.2	TREPS/Reverse Repo Lending	887.51
3.3	Others	350.03
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	12,496.19

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	–	–
1.2 Interest	1,588.97	740.11
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	(513.34)	(2,890.69)
1.6 Realised Gains/(Losses) on Derivative Transactions	–	–
1.7 Other Income	0.20	0.76
	1,075.83	(2,149.82)
2 EXPENSES		
2.1 Investment Management Fees	44.95	34.09
2.2 GST on Investment Management Fees	8.09	6.14
2.3 Transfer Agents Fees and Expenses	8.33	4.40
2.4 Custodian Fees	1.15	0.66
2.5 Trusteeship Fees	0.62	0.14
2.6 Commission to Agents	31.46	22.50
2.7 Marketing & Distribution Expenses	0.02	0.08
2.8 Audit Fees	0.20	0.27
2.9 Investor Education Expenses	4.88	2.45
2.10 Interest on Borrowing	–	–
2.11 Other Operating Expenses	1.62	1.47
	(B) 101.32	72.20
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	974.51	(2,222.02)
4 Change in Unrealised Depreciation in Value of Investments (Refer Note 11)	(D) (29.19)	2,773.80
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	945.32	551.78
6 Change in Unrealised Appreciation in Value of Investments	(F) 12.57	(47.16)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	957.89	504.62
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	–	47.16
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(12.57)	–
7.3 Add/(Less) : Equalisation	4,451.97	1,912.64
7.4 Transfer from Reserve Fund	4,346.96	1,882.64
7.5 Transfer from Unit Premium Reserve	–	–
8 Total	9,744.25	4,347.06
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(6.32)	(0.10)
9.2 Tax on Income Distributed during the Year	–	–
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	9,737.93	4,346.96

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option #	23.2443	22.6722
Regular Daily IDCW Option #	9.7396	9.4999
Regular Weekly IDCW Option #	9.7564	9.5163
Institutional Growth Option ^	16.1886	15.7429
Institutional Daily IDCW Option ^	9.8407	9.5697
Institutional Weekly IDCW Option ^	9.8543	9.5828
Institutional Monthly IDCW Option ^	9.9373	9.6637
Institutional Plus Daily IDCW Option	–	–
Direct Plan – Growth Option	17.2111	16.6003
Direct Plan – Daily IDCW Option	10.0179	9.6644
Direct Plan – Weekly IDCW Option	10.0287	9.6749
Direct Plan – Monthly IDCW Option	10.0158	9.9240
High		
Regular Growth Option #	23.9702	23.2443
Regular Daily IDCW Option #	10.0033	9.7396
Regular Weekly IDCW Option #	10.0176	9.7564
Institutional Growth Option ^	16.7715	16.1886
Institutional Daily IDCW Option ^	10.0519	9.8407
Institutional Weekly IDCW Option ^	10.2091	9.8543
Institutional Monthly IDCW Option ^	10.2952	9.9373
Institutional Plus Daily IDCW Option	–	–
Direct Plan – Growth Option	17.9468	17.2111
Direct Plan – Daily IDCW Option	10.0846	10.0179
Direct Plan – Weekly IDCW Option	10.4548	10.0287
Direct Plan – Monthly IDCW Option	10.0604	10.0665
Low		
Regular Growth Option #	23.2599	20.5839
Regular Daily IDCW Option #	9.7461	8.6249
Regular Weekly IDCW Option #	9.7629	8.6397
Institutional Growth Option ^	16.2001	14.2977
Institutional Daily IDCW Option ^	9.8477	8.6912
Institutional Weekly IDCW Option ^	9.8613	8.7031
Institutional Monthly IDCW Option ^	9.9443	8.7766
Institutional Plus Daily IDCW Option	–	–
Direct Plan – Growth Option	17.2253	15.0901
Direct Plan – Daily IDCW Option	10.0261	8.7851
Direct Plan – Weekly IDCW Option	10.0369	8.7946
Direct Plan – Monthly IDCW Option	9.9971	9.0211

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
End		
Regular Growth Option #	23.9702	23.2443
Regular Daily IDCW Option #	10.0033	9.7396
Regular Weekly IDCW Option #	10.0171	9.7564
Institutional Growth Option ^	16.7715	16.1886
Institutional Daily IDCW Option ^	10.0519	9.8407
Institutional Weekly IDCW Option ^	10.2091	9.8543
Institutional Monthly IDCW Option ^	10.2952	9.9373
Institutional Plus Daily IDCW Option	–	–
Direct Plan – Growth Option	17.9468	17.2111
Direct Plan – Daily IDCW Option	10.0846	10.0179
Direct Plan – Weekly IDCW Option	10.4548	10.0287
Direct Plan – Monthly IDCW Option	10.0123	10.0158
2. Closing Assets Under Management (Rs. in Lakhs)		
End	23,554	11,454
Average (AAuM) ¹	24,386	12,240
3. Gross income as % of AAuM ²		
	4.41%	–17.56%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Growth Option #	1.32%	1.32%
Institutional Growth Option ^	0.80%	1.02%
Institutional Plus Growth Option	NA	NA
Direct Plan – Growth Option	0.21%	0.20%
b. Management Fee as % of AAuM (planwise)		
Regular Growth Option #	0.13%	0.12%
Institutional Growth Option ^	0.32%	0.53%
Institutional Plus Growth Option	NA	NA
Direct Plan – Growth Option	0.12%	0.10%
5. Net Income as a percentage of AAuM ³		
	4.00%	–18.15%
6. Portfolio turnover ratio ⁴		
	–	–
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Daily IDCW Option #	0.0403	–
Regular Weekly IDCW Option #	0.0438	–
Institutional Daily IDCW Option ^	0.1423	–
Institutional Weekly IDCW Option ^	–	–
Institutional Monthly IDCW Option ^	–	–
Direct Plan – Daily IDCW Option	0.3541	–
Direct Plan – Weekly IDCW Option	0.0013	–
Direct Plan – Monthly IDCW Option	0.4215	0.2679

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate		
Regular Daily IDCW Option #	0.0403	–
Regular Weekly IDCW Option #	0.0438	–
Institutional Daily IDCW Option ^	0.1423	–
Institutional Weekly IDCW Option ^	–	–
Institutional Monthly IDCW Option ^	–	–
Direct Plan – Daily IDCW Option	0.3541	–
Direct Plan – Weekly IDCW Option	0.0013	–
Direct Plan – Monthly IDCW Option	0.4215	0.2679
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option #	3.1229	2.5200
Institutional Growth Option ^	3.6007	2.8300
Direct Plan – Growth Option	4.2746	3.6800
Benchmark		
CRISIL Low Duration Debt Index	4.4907	6.4600
b. Since Inception		
Scheme		
Regular Growth Option #	5.8165	6.0100
Institutional Growth Option ^	5.5931	5.8300
Direct Plan – Growth Option	6.2563	6.5100
Benchmark		
CRISIL Low Duration Debt Index	7.8900	8.2900

Plans Discontinued for fresh subscription

^ Institutional plan is (Regular continue Plan) available for fresh subscription w.e.f. October 01, 2012.

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies as of years ended March 31, 2022 and March 31, 2021:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as of financial years ended 2022 and 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 (**Refer Note 11**).
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial years March 31, 2022 and March 31, 2021 are as under:

Company Name	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	2022		2021	
Certificate of Deposit/Commercial Paper				
– Appreciation	1,384,160	0.06	31,081	~0.00
– Depreciation	–	–	–	–
Non Convertible Debentures and Bonds Listed/Awaiting Listing				
– Appreciation	–	–	4,344,800	0.38
– Depreciation	6,972,840	0.30	8,398,587	0.73
Government Securities				
– Appreciation	–	–	109,620	0.01
– Depreciation	–	–	–	–
Treasury Bills				
– Appreciation	13,242	~0.00	–	–
– Depreciation	–	–	–	–

~ Indicates less than 0.01

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

To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022

1.7 The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 7,262,830,051 and Rs. 6,012,714,840 respectively being 297.83% and 246.56% 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 2020-21 (excluding accretion of discount) are Rs. 1,874,439,729 and Rs. 1,800,508,661 respectively being 153.14% and 147.10% of the average net assets.

1.8. Non-Traded securities in the portfolio :

Aggregate Value of Equity, Debt & Money Market Instruments and their percentages to Net assets are as under :

Security Category	Fair Value (Rupees)	% to Net Assets	Fair Value (Rupees)	% to Net Assets
	2022		2021	
Debt Instruments	1,084,245,930	46.03%	714,778,700	62.40%
Money market Instruments	720,609,750	30.59%	98,483,500	8.60%
Total	1,804,855,680	76.63%	813,262,200	71.00%

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2021-2022	205.72	46.81	1,713,024	62.85

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate	2020-2021	39.59	23.77	1,087,384	53.38

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Growth Option #	274,587.857	-	47,110.862	227,476.995	10
Regular Daily IDCW Option #	1,312,770.862	-	-	1,312,770.862	10
Regular Weekly IDCW Option #	685,682.483	-	-	685,682.483	10
Institutional Growth Option ^	26,301,596.121	147,907,571.843	119,120,989.947	55,088,178.017	10
Institutional Daily IDCW Option ^	6,106,645.295	432,079.442	3,647,153.78	2,891,570.958	10
Institutional Weekly IDCW Option ^	5,082,216.717	2,812.566	3,742,372.160	1,342,657.123	10
Institutional Monthly IDCW Option ^	3,202,265.706	2,264,297.770	3,854,779.458	1,611,784.018	10
Institutional Plus Daily IDCW Option ^	0.000	-	-	0.000	10
Direct Plan - Growth Option	36,630,595.657	109,095,653.250	70,761,828.476	74,964,420.431	10
Direct Plan - Daily IDCW Option	223,682.565	4,788.059	103,539.290	124,931.334	10
Direct Plan - Weekly IDCW Option	1,866,451.248	217.187	1,524,833.398	341,835.037	10
Direct Plan - Monthly IDCW Option	10,170.761	3,840.970	7,957.443	6,054.288	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Growth Option #	705,524.344	-	430,936.487	274,587.857	10
Regular Daily IDCW Option #	1,951,242.099	-	638,471.237	1,312,770.862	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Regular Weekly IDCW Option #	686,900.338	–	1,217.855	685,682.483	10
Institutional Growth Option ^	29,904,544.146	43,475,150.583	47,078,098.608	26,301,596.121	10
Institutional Daily IDCW Option ^	49,969,763.024	1,004,963.686	44,868,081.415	6,106,645.295	10
Institutional Weekly IDCW Option ^	10,957,400.521	5,730,419.223	11,605,603.027	5,082,216.717	10
Institutional Monthly IDCW Option ^	7,028,357.219	1,267,907.636	5,093,999.149	3,202,265.706	10
Institutional Plus Daily IDCW Option ^	–	–	–	–	10
Direct Plan - Growth Option	4,925,879.912	56,429,268.926	24,724,553.181	36,630,595.657	10
Direct Plan - Daily IDCW Option	1,785,690.328	505.454	1,562,513.217	223,682.565	10
Direct Plan - Weekly IDCW Option	2,022,917.032	514.255	156,980.039	1,866,451.248	10
Direct Plan - Monthly IDCW Option	132,852.375	2,934.758	125,616.372	10,170.761	10

** Units held by the AMC in Direct Plan Growth Option as on March 31, 2022 is 6,973,007.180 & as on March 31, 2021 is 6,973,007.180.

Plans Discontinued for fresh subscription

^ Institutional plan is (Regular continue Plan) available for fresh subscription w.e.f. October 01, 2012.

- 5 Prior year amounts have been re-grouped/re-arranged where necessary.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 19,545 represents Exit load credited to the scheme, Penal Interest received from Bank towards delay of RTGS/NEFT and Fund transfer from focused fund to HSBC Cash Fund, HSBC Low Duration Fund & HSBC Ultra Short Duration Fund, short funding in switch a/c and cross credit (HSBC Ultra Short Duration Fund). (2021: Rs. 76,376 represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

10 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

11 Securities in default beyond its maturity date**I) Hair Cut in receivables & interest during the year in security rated below Investment Grade or Default :**

Scheme name	2021-2022				
	Name of the security	ISIN	Hair cut in receivables (A)	Hair cut in interest accrued #	Total Hair cut during the Year (A+B)
HSBC Low Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B071J3		Nil	

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022**

Scheme name	2020-2021				
	Name of the security	ISIN	Hair cut in receivables (A)	Hair cut in interest accrued #	Total Hair cut during the Year (A+B)
HSBC Low Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B07IJ3	875.00	57.93	932.93

Interest Accrual was stopped from 4th June 2019.

II) Details of sale of Below investment grade or default securities

There are no sale of securities (Below investment grade or default) during the year ended March 31, 2022.

During the year ended March 31, 2021, following securities (Below investment grade or default securities) have been sold at the value set out in the table below and the consequential loss on sale of these securities has been recognised in the revenue account.

Rs. in Lakhs

Scheme name	2020-2021			
	Name of the security	ISIN	Trade Date	Selling Value of the security
HSBC Low Duration Fund	9.05% DEWAN HSG FIN NCD RED 09-09-2019	INE202B07IJ3	06-Jul-2020	782.51

There are no sale of securities (Below investment grade or default) during the year ended March 31, 2020.

III) Details of Below investment grade or default security as at year end :

As at March 31, 2022 & March 31, 2021, there are no investments in Below investment grade or default securities held by the Schemes.

- 12 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 13 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 14 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.
- 15 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.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2022****16 Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Low Duration Fund	Low to Moderate	Low to Moderate	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 17 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 18 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Cash Fund

An Open ended Liquid Scheme

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Cash Fund (HCF)

(An Open Ended Liquid Scheme. Relatively low interest rate risk and relatively low credit risk)

HCF seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through a portfolio of money market and debt securities. However, there can be no assurance that the Scheme's objective can be realized.

The net assets of HCF amounted to Rs. 2,977.82 crores as at March 31, 2022 as compared to Rs. 3,368.55 crores as at March 31, 2021. The entire net asset remains invested in debt and money market instruments including reverse repos/TREPS as at March 31, 2022.

HCF is also governed by Internal Global Liquidity Guidelines which are conservative even when compared to SEBI (Mutual Funds) Regulations. Also the scheme's portfolio invested in long term AAA credits with higher allocation to Treasury Bills. This led to marginal lower performance than the scheme's benchmark over 3-year and 5-year periods. However, the scheme outperformed its benchmark in the past one year period.

Trustees' Report



For the year ended March 31, 2022 (Contd...)

Date of Inception : 4 December, 2002	Simple Annualized Returns (%)				Compounded Annualized Returns (%)		
	Last 7 Days as on 31 March 2022	Last 15 Days as on 31 March 2022	Last 30 Days as on 31 March 2022	1 Year	3 Years	5 Years	Since Inception
HSBC Cash Fund – Growth	4.29	3.88	3.69	3.36	4.31	5.43	7.09
Crisil Liquid Fund Index (Scheme Benchmark)	4.10	3.95	3.96	3.68	4.70	5.71	7.15
CRISIL 1 Year T-Bill Index)* (Additional Benchmark)	5.55	5.96	5.69	3.76	5.28	5.82	6.73
Rs. 10,000, if invested in HCF, would have become	10,008	10,016	10,030	10,336	11,350	13,028	21,070
Rs. 10,000, if invested in CRISIL Liquid Fund Index, would have become	10,008	10,016	10,032	10,368	11,478	13,199	21,186
Rs. 10,000, if invested in CRISIL 1 Year T-Bill Index, would have become	10,010	10,024	10,046	10,376	11,670	13,270	20,305

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

*Additional benchmark as per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Cash Fund	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index: CRISIL Low Duration Fund BI Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Cash Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	AI		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

Trustees' Report

For the year ended March 31, 2022 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated

Trustees' Report

For the year ended March 31, 2022 (Contd...)

at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Cash Fund	28	35,199.54	34	589,800.30

Trustees' Report

For the year ended March 31, 2022 (Contd...)

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	0	0	
II D	Non receipt of Annual Report/Abridged Summary	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	
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0	
III C	Deviation from Scheme attributes	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	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorshoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 30 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

Trustees' Report

For the year ended March 31, 2022 (Contd...)

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Cash Fund	Low to Moderate	Low to Moderate	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Cash Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility also includes maintenance of adequate accounting records

Independent Auditors' Report (Contd...)

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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Independent Auditors' Report *(Contd...)*

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN : 22117812ALYOHN4452

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	171,256.72
	145,942.65	
2	Reserves & Surplus	
2.1	Unit Premium Reserves	1,185.06
2.2	Unrealised Appreciation Reserve	35.36
2.3	Other Reserves	164,379.77
	150,654.44	
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	356.79
	1,410.84	
	TOTAL	337,213.70
	299,193.73	
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	13,807.70
1.1.5	Securitised Debt Securities	-
	7,531.15	
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	-
	10,082.67	
1.5	Treasury Bills	111,331.50
1.6	Commercial Paper	159,462.73
1.7	Certificate of Deposits	35,768.87
1.8	Bill Rediscounting	-
1.9	Units of Domestic Mutual Fund	-
1.10	Foreign Securities	-
	Total Investments	320,370.80
	296,097.62	
2	Deposits	17.96
	184.93	
3	Other Current Assets	
3.1	Cash & Bank Balance	5.54
3.2	TREPS/Reverse Repo Lending	15,968.58
3.3	Others	850.82
	780.38	
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	337,213.70
	299,193.73	

Abridged Revenue Account For the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	-	-
1.2 Interest	13,360.79	14,246.25
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	(904.82)	(453.93)
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	5.71	14.08
(A)	12,461.68	13,806.40
2 EXPENSES		
2.1 Investment Management Fees	259.44	296.11
2.2 GST on Investment Management Fees	46.70	53.30
2.3 Transfer Agents Fees and Expenses	51.20	58.11
2.4 Custodian Fees	5.95	6.40
2.5 Trusteeship Fees	8.73	2.69
2.6 Commission to Agents	38.66	56.25
2.7 Marketing & Distribution Expenses	0.25	1.35
2.8 Audit Fees	1.54	5.05
2.9 Investor Education Expenses	88.49	92.31
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	14.28	20.85
(B)	515.24	592.42
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	11,946.44	13,213.98
4 Change in Unrealised Depreciation in Value of Investments	(D) (17.67)	43.84
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	11,928.77	13,257.82
6 Change in Unrealised Appreciation in Value of Investments	(F) (6.40)	35.36
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	11,922.37	13,293.18
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	6.40	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	-	(35.36)
7.3 Add/(Less) : Equalisation	(25,269.92)	(12,944.92)
7.4 Transfer from Reserve Fund	164,379.77	164,945.21
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	151,038.62	165,258.11
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(384.18)	(878.34)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	150,654.44	164,379.77

Notes to Accounts - Annexure I

Key Statistics For the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option #	2,979.2502	2,901.3056
Regular Daily IDCW Option #	1,019.3000	1,019.3000
Regular Weekly IDCW Option #	1,000.3216	1,003.2619
Institutional Daily IDCW Option ^	1,505.3734	1,456.5378
Institutional Plus Growth Option ^	2,038.4176	1,969.4131
Institutional Plus Daily IDCW Option ^	1,001.0316	1,000.9969
Institutional Plus Weekly IDCW Option ^	1,107.5817	1,112.7068
Institutional Plus Monthly IDCW Option ^	1,002.1473	1,004.8499
Direct Plan - Growth Option	2,048.8138	1,977.4898
Direct Plan - Daily IDCW Option	1,000.9401	1,000.9401
Direct Plan - Weekly IDCW Option	1,153.5351	1,124.9161
Direct Plan - Monthly IDCW Option	1,038.5039	1,042.0896
Unclaimed IDCW less than 3 yrs	1,327.8942	1,286.7035
Unclaimed IDCW more than 3 yrs	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs	1,327.8942	1,286.7035
Unclaimed Redemption more than 3 yrs	1,000.0000	1,000.0000
High		
Regular Growth Option #	3,055.0566	2,979.2502
Regular Daily IDCW Option #	1,019.3000	1,019.3000
Regular Weekly IDCW Option #	1,000.8923	1,001.2590
Institutional Daily IDCW Option #	1,553.7509	1,505.3734
Institutional Plus Growth Option ^	2,106.9529	2,038.4176
Institutional Plus Daily IDCW Option ^	1,001.3789	1,001.0316
Institutional Plus Weekly IDCW Option ^	1,108.3588	1,108.7399
Institutional Plus Monthly IDCW Option ^	1,004.5755	1,009.0001
Direct Plan - Growth Option	2,119.7831	2,048.8138
Direct Plan - Daily IDCW Option	1,000.9401	1,000.9401
Direct Plan - Weekly IDCW Option	1,179.2316	1,154.2643
Direct Plan - Monthly IDCW Option	1,041.0923	1,046.4690
Unclaimed IDCW less than 3 yrs	1,368.5045	1,327.8942
Unclaimed IDCW more than 3 yrs	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs	1,368.5045	1,327.8942
Unclaimed Redemption more than 3 yrs	1,000.0000	1,000.0000

Key Statistics For the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Low		
Regular Growth Option #	2,980.0105	2,901.9572
Regular Daily IDCW Option #	1,019.2675	1,019.2562
Regular Weekly IDCW Option #	1,000.1981	1,000.2032
Institutional Daily IDCW Option #	1,505.8632	1,456.9153
Institutional Plus Growth Option ^	2,039.1157	1,969.9410
Institutional Plus Daily IDCW Option ^	1,001.0316	1,000.9969
Institutional Plus Weekly IDCW Option ^	1,107.4449	1,107.4506
Institutional Plus Monthly IDCW Option ^	1,001.6031	1,000.9760
Direct Plan - Growth Option	2,049.5369	1,978.0306
Direct Plan - Daily IDCW Option	1,000.9325	1,000.9215
Direct Plan - Weekly IDCW Option	1,153.4438	1,125.2237
Direct Plan - Monthly IDCW Option	1,037.9257	1,037.9174
Unclaimed IDCW less than 3 yrs	1,328.3059	1,287.0277
Unclaimed IDCW more than 3 yrs	999.9818	999.9708
Unclaimed Redemption less than 3 yrs	1,328.3059	1,287.0277
Unclaimed Redemption more than 3 yrs	999.9818	999.9708
End		
Regular Growth Option #	3,055.0566	2,979.2502
Regular Daily IDCW Option #	1,019.3000	1,019.3000
Regular Weekly IDCW Option #	1,000.5240	1,000.3216
Institutional Daily IDCW Option #	1,553.7509	1,505.3734
Institutional Plus Growth Option ^	2,106.9529	2,038.4176
Institutional Plus Daily IDCW Option ^	1,001.3789	1,001.0316
Institutional Plus Weekly IDCW Option ^	1,107.8300	1,107.5817
Institutional Plus Monthly IDCW Option ^	1,002.2952	1,002.1473
Direct Plan - Growth Option	2,119.7831	2,048.8138
Direct Plan - Daily IDCW Option	1,000.9401	1,000.9401
Direct Plan - Weekly IDCW Option	1,179.2316	1,153.5351
Direct Plan - Monthly IDCW Option	1,038.6577	1,038.5039
Unclaimed IDCW less than 3 yrs	1,368.5045	1,327.8942
Unclaimed IDCW more than 3 yrs	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs	1,368.5045	1,327.8942
Unclaimed Redemption more than 3 yrs	1,000.0000	1,000.0000

Key Statistics For the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
2. Closing Assets Under Management (Rs. in Lakhs)		
End	297,782	336,855
Average (AAuM) ¹	353,670	376,711
3. Gross income as % of AAuM ²	3.52%	3.66%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan #	1.01%	1.01%
Institutional Plan #	0.36%	0.36%
Institutional Plus Plan ^	0.22%	0.22%
Direct Plan	0.12%	0.12%
Unclaimed	0.51%	0.51%
b. Management Fee as % of AAuM (planwise)		
Regular Plan #	0.07%	0.06%
Institutional Plan #	0.07%	0.07%
Institutional Plus Plan ^	0.10%	0.11%
Direct Plan	0.07%	0.06%
Unclaimed	0.07%	0.07%
5. Net Income as a percentage of AAuM ³	3.38%	3.51%
6. Portfolio turnover ratio ⁴	-	-
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Daily IDCW Option #	25.6127	27.0240
Regular Weekly IDCW Option #	24.9386	26.4361
Institutional Plus Daily IDCW Option ^	32.7581	34.4407
Institutional Plus Weekly IDCW Option ^	36.3863	38.0278
Institutional Plus Monthly IDCW Option ^	33.0204	37.2475
Direct Plan - Daily IDCW Option	34.0584	35.4448
Direct Plan - Weekly IDCW Option	13.8383	11.8399
Direct Plan - Monthly IDCW Option	35.2129	40.4140
Corporate		
Regular Daily IDCW Option #	25.6127	27.0240
Regular Weekly IDCW Option #	24.9386	26.4361
Institutional Plus Daily IDCW Option ^	32.7581	34.4407
Institutional Plus Weekly IDCW Option ^	36.3863	38.0278
Institutional Plus Monthly IDCW Option ^	33.0204	37.2475
Direct Plan - Daily IDCW Option	34.0584	35.4448
Direct Plan - Weekly IDCW Option	13.8383	11.8399
Direct Plan - Monthly IDCW Option	35.2129	40.4140

Key Statistics For the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option #	N.A.	N.A.
Institutional Growth Option #	N.A.	N.A.
Institutional Plus Growth Option ^	3.3622	3.5000
Direct Plan - Growth Option	3.4639	3.6100
Benchmark		
CRISIL Liquid Fund Index	3.6825	4.0700
b. Since Inception		
Scheme		
Regular Growth Option #	N.A.	N.A.
Institutional Growth Option #	N.A.	N.A.
Institutional Plus Growth Option ^	7.0938	7.4800
Direct Plan - Growth Option	6.8782	7.3000
Benchmark		
CRISIL Liquid Fund Index	7.1500	7.5100

Plans Discontinued for fresh subscription

^ Institutional Plus plan is (Regular continue Plan) available for fresh subscription w.e.f. October 01, 2012.

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year ended March 31, 2022 and March 31, 2021 end are NIL.
- 1.3. Investments in Associates and Group Companies :

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	-	-	-	56,482,738
Bharti Airtel Ltd.	Equities	-	-	-	470,907,573
Max Financial Services Ltd.	Equities	-	-	-	172,035,228

- 1.4. Open position of Securities Borrowed and / or Lent by the scheme as of financial years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years March 31, 2022 and March 31, 2021 are as under:

Security Category	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed / Awaiting Listing				
- Appreciation	-	-	-	-
- Depreciation	1,017,304	~0.00	164,344	~0.00
Certificates of Deposit / Commercial Paper				
- Appreciation	2,796,610	0.01	2,638,731	0.01
- Depreciation	30,125	~0.00	2,900	~0.00
Treasury Bills				
- Appreciation	129,795	~0.00	912,876	~0.00
- Depreciation	-	-	12,700	~0.00
Government Securities				
- Appreciation	-	-	-	-
- Depreciation	913,900	~0.00	-	-

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 207,748,374,646 and Rs. 211,084,940,834 respectively being 587.41% and 596.84% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 284,263,336,493 and Rs. 287,650,655,080 respectively being 754.59% and 763.58% 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 as under:

Security Category	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	2022		2021	
Debt Instruments	753,114,500	2.53%	572,987,100	1.70%
Money Market Instruments	18,399,713,500	61.79%	19,523,158,500	57.96%

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	436.06	2.49	2,445,417	59.80

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	692.51	3.04	2,525,595	48.67

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL. (Previous year also NIL).

The brokerage paid was at rates similar to those offered to other distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- (ii) Devolvement - Nil. (Previous year also Nil).
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Growth Option #	9,539.197	–	200.555	9,338.642	1,000	
Regular Daily IDCW Option #	42,896.452	–	3,916.405	38,980.047	1,000	
Regular Weekly IDCW Option #	5,620.354	–	312.460	5,307.894	1,000	
Institutional Daily IDCW Option ^	38.218	–	–	38.218	1,000	
Institutional Plus Growth Option ^	4,001,666.870	9,271,465.227	11,610,631.486	1,662,500.611	1,000	
Institutional Plus Daily IDCW Option ^	974,263.618	514,189.063	833,962.816	654,489.865	1,000	
Institutional Plus Weekly IDCW Option ^	128,879.571	49,980.765	167,187.080	11,673.256	1,000	
Institutional Plus Monthly IDCW Option ^	48,829.391	62,395.941	50,557.006	60,668.326	1,000	
Direct Plan - Growth Option	11,784,992.295	74,325,097.403	74,222,777.492	11,887,312.206	1,000	
Direct Plan - Daily IDCW Option	43,575.129	205,734.158	74,186.469	175,122.818	1,000	
Direct Plan - Weekly IDCW Option	1,093.801	35.979	999.344	130.436	1,000	
Direct Plan - Monthly IDCW Option	1,481.648	307.340	301.051	1,487.937	1,000	
Unclaimed Plan- IDCW less than 3 years	16,119.886	979.188	5,566.029	11,533.045	1,000	

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Unclaimed Plan- IDCW more than 3 years	21,679.768	5,213.104	1,577.342	25,315.530	1,000
Unclaimed Plan- Redemption less than 3 years	12,504.070	12,995.327	9,925.293	15,574.104	1,000
Unclaimed Plan- Redemption more than 3 years	32,491.756	2,822.279	521.963	34,792.072	1,000

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Growth Option#	9,599.735	-	60.538	9,539.197	1,000
Regular Daily IDCW Option #	49,401.626	-	6,505.174	42,896.452	1,000
Regular Weekly IDCW Option #	35,993.439	-	30,373.085	5,620.354	1,000
Institutional Growth Option ^	-	-	-	-	1,000
Institutional Daily IDCW Option ^	38.218	-	-	38.218	1,000
Institutional Plus Growth Option ^	5,613,444.671	15,107,306.816	16,719,084.617	4,001,666.870	1,000
Institutional Plus Daily IDCW Option ^	2,300,723.750	422,347.817	1,748,807.948	974,263.618	1,000
Institutional Plus Weekly IDCW Option ^	252,518.407	102,791.418	226,430.254	128,879.571	1,000
Institutional Plus Monthly IDCW Option ^	214,258.406	37,904.766	203,333.781	48,829.391	1,000
Direct Plan - Growth Option	11,376,199.884	97,081,647.465	96,672,855.054	11,784,992.295	1,000
Direct Plan - Daily IDCW Option	1,782,523.631	1,436,057.066	3,175,005.568	43,575.129	1,000
Direct Plan - Weekly IDCW Option	472.467	2,414.590	1,793.256	1,093.801	1,000
Direct Plan - Monthly IDCW Option	2,246.982	670.954	1,436.288	1,481.648	1,000

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Unclaimed Plan-IDCW less than 3 years	15,741.498	4,682.975	4,304.587	16,119.886	1,000
Unclaimed Plan-IDCW more than 3 years	18,708.797	4,621.546	1,650.575	21,679.768	1,000
Unclaimed Plan-Redemption less than 3 years	9,853.815	8,326.084	5,675.829	12,504.070	1,000
Unclaimed Plan-Redemption more than 3 years	31,174.859	2,352.833	1,035.936	32,491.756	1,000

** Units held by the AMC in Direct Plan Growth Option as on 31/03/2022 is 528,877.488 & as on 31/03/2021 is 328,226.120

Plans Discontinued for fresh subscription

^ Institutional Plus plan is (Regular continue Plan) available for fresh subscription w.e.f. October 1, 2012.

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income :- Rs. 570,967 represents Exit load credited to the scheme, Penal Interest received from Bank towards delay of RTGS/NEFT and Fund transfer from focused fund to HSBC Cash Fund, HSBC Low Duration Fund & HSBC Ultra short Duration Fund, short funding in switch a/c and cross credit (HSBC Ultra Short Duration Fund) . (2021: Rs. 1,408,353 represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT)

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

10 Borrowings

Details of Outstanding Borrowing Liability are as follows: -

March 31, 2022				
Name of the Scheme	Date of Borrowing	Amount Borrowed (INR crores)	Rate of Interest	Source
Nil				

March 31, 2021				
Name of the Scheme	Date of Borrowing	Amount Borrowed (INR crores)	Rate of Interest	Source
Nil				

HSBC Mutual fund has adhered to the recommended practice from the date of the AMFI circular.

11 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT. The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/ appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

- 12 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 13 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.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- 14 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.

15 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Cash Fund	Low to Moderate	Low to Moderate	0

[^]From the effective date (i.e. January 01, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 16 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 17 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 18 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time..

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#!/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Overnight Fund

Overnight fund – An open ended debt scheme investing in overnight securities

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon'. The signature is stylized and includes a horizontal line extending to the right.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Overnight Fund (HOF)

(An open ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk)

HOF seeks to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HOF amounted to Rs. 963.61 crores as at March 31, 2022 as compared to Rs. 354.48 crores as at March 31, 2021. The entire net asset remains invested in debt and money market instruments including reverse repos/TREPS as at March 31, 2022. The scheme was launched on May 22, 2019.

HOF performed marginally lower than its benchmark due to conservative investments and the focus being only on overnight market i.e. TREPS and CROMS.


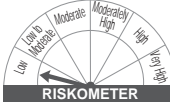
Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 22 May 2019	Absolute Returns (%)	Compounded Annualized Returns (%)		
		1 Year	3 Years	5 Years
HSBC Overnight Fund – Growth	3.19	NA	NA	3.62
CRISIL Overnight Index (Scheme Benchmark)	3.36	NA	NA	3.79
Nifty 1D Rate Index (Additional Benchmark)	3.76	NA	NA	5.24
CRISIL 1 Year T-Bill Index (Additional Benchmark)*	3.36	NA	NA	3.79
Rs. 10,000, if invested in HOF, would have become	10,319	NA	NA	11,071
Rs. 10,000, if invested in CRISIL Overnight Index, would have become	10,336	NA	NA	11,122
Rs. 10,000, if invested in Nifty 1D Rate Index, would have become	10,376	NA	NA	11,574
Rs. 10,000, if invested in CRISIL 1 Year T-Bill Index, would have become	10,336	NA	NA	11,122

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Overnight Fund	 <p>Investors understand that their principal will be at Low risk</p>	<p>Benchmark Index: CRISIL Overnight Fund AI Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Overnight Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	AI		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Trustees have been discharging their duties and carrying out the responsibilities

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022: Nil

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 / 1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a

Trustees' Report

For the year ended March 31, 2022 (Contd...)

separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorshoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 26 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the

Trustees' Report

For the year ended March 31, 2022 (Contd...)

changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Overnight Fund	Low	Low	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Overnight Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Overnight Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet and Revenue Account dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYPOT7664

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	33,036.08
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(0.44)
2.2	Unrealised Appreciation Reserve	(0.05)
2.3	Other Reserves	2,412.14
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income / Deposits	-
4.2	Other Current Liabilities & Provisions	43.67
	TOTAL	102,538.17
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
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	-
2	Deposits	155.00
3	Other Current Assets	
3.1	Cash & Bank Balance	0.39
3.2	TREPS/Reverse Repo Lending	35,333.08
3.3	Others	3.37
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	102,538.17

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current year ended March 31, 2022	Previous year ended March 31, 2021
1 INCOME		
1.1 Dividend	–	–
1.2 Interest	2,191.56	1,572.45
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	(15.89)	(15.97)
1.6 Realised Gains / (Losses) on Derivative Transactions	–	–
1.7 Other Income	–	1.52
	(A)	
	2,175.67	1,558.00
2 EXPENSES		
2.1 Investment Management Fees	45.47	37.85
2.2 GST on Investment Management Fees	8.19	6.81
2.3 Transfer Agents Fees and Expenses	9.40	7.77
2.4 Custodian Fees	–	0.01
2.5 Trusteeship Fees	1.50	0.39
2.6 Commission to Agents	16.67	17.60
2.7 Marketing & Distribution Expenses	0.04	0.19
2.8 Audit Fees	0.50	0.53
2.9 Investor Education Expenses	12.77	9.80
2.10 Interest on Borrowing	–	–
2.11 Other Operating Expenses	4.39	4.23
	(B)	
	98.93	85.18
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	2,076.74	1,472.82
4 Change in Unrealised Depreciation in Value of Investments (D)	–	–
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	2,076.74	1,472.82
6 Change in Unrealised Appreciation in Value of Investments (F)	–	–
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	2,076.74	1,472.82
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	–	–
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	–	–
7.3 Add / (Less) : Equalisation	5,116.68	(167.82)
7.4 Transfer from Reserve Fund	2,412.14	1,150.46
7.5 Transfer from Unit Premium Reserve	–	–
8 Total	9,605.56	2,455.46
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(16.20)	(43.32)
9.2 Tax on Income Distributed during the Year	–	–
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	9,589.36	2,412.14

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current year ended March 31, 2022	Previous year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option	1,073.0991	1,042.2867
Regular Daily IDCW Option	1,000.0000	1,000.0000
Regular Weekly IDCW Option	1,000.0869	1,000.1556
Regular Monthly IDCW Option	1,000.5066	1,000.0678
Direct Plan – Growth Option	1,076.1105	1,043.6439
Direct Plan – Daily IDCW Option	1,000.0000	1,000.0000
Direct Plan – Weekly IDCW Option	1,000.0908	–
Direct Plan – Monthly IDCW Option	–	–
High		
Regular Growth Option	1,107.2931	1,073.0991
Regular Daily IDCW Option	1,000.0006	1,000.0000
Regular Weekly IDCW Option	1,000.7505	1,000.6751
Regular Monthly IDCW Option	1,002.8654	1,002.5988
Direct Plan – Growth Option	1,112.0680	1,076.1105
Direct Plan – Daily IDCW Option	1,000.0000	1,000.0000
Direct Plan – Weekly IDCW Option	1,000.7754	1,000.6967
Direct Plan – Monthly IDCW Option	1,002.9121	–
Low		
Regular Growth Option	1,073.4775	1,042.3006
Regular Daily IDCW Option	1,000.0000	1,000.0000
Regular Weekly IDCW Option	1,000.0778	1,000.0174
Regular Monthly IDCW Option	1,000.0824	1,000.0668
Direct Plan – Growth Option	1,076.5077	1,043.6664
Direct Plan – Daily IDCW Option	1,000.0000	1,000.0000
Direct Plan – Weekly IDCW Option	1,000.0823	1,000.0620
Direct Plan – Monthly IDCW Option	1,000.0875	–
End		
Regular Growth Option	1,107.2931	1,073.0991
Regular Daily IDCW Option	1,000.0006	1,000.0000
Regular Weekly IDCW Option	1,000.1807	1,000.0869
Regular Monthly IDCW Option	1,000.5237	1,000.5066
Direct Plan – Growth Option	1,112.0680	1,076.1105
Direct Plan – Daily IDCW Option	1,000.0000	1,000.0000
Direct Plan – Weekly IDCW Option	1,000.1882	1,000.0908
Direct Plan – Monthly IDCW Option	1,000.5490	–
2. Closing Assets Under Management (Rs. in Lakhs)		
End	96,361	35,448
Average (AAuM) ¹	63,842	48,993
3. Gross income as % of AAuM ² *		
	3.41%	3.18%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise) *		
Regular Growth Option	0.26%	0.26%
Direct Plan – Growth Option	0.11%	0.11%

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current year ended March 31, 2022	Previous year ended March 31, 2021
b. Management Fee as % of AAuM (planwise)*		
Regular Growth Option	0.11%	0.12%
Direct Plan – Growth Option	0.05%	0.06%
5. Net Income as a percentage of AAuM ³ *	3.25%	3.01%
6. Portfolio turnover ratio ⁴	–	–
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Daily IDCW Option	31.3693	29.1301
Regular Weekly IDCW Option	31.4165	29.0605
Regular Monthly IDCW Option	31.3940	28.7313
Direct Plan – Daily IDCW Option	31.4746	29.2246
Direct Plan – Weekly IDCW Option	32.7671	28.3208
Direct Plan – Monthly IDCW Option	15.5305	–
Corporate		
Regular Daily IDCW Option	31.3693	29.1301
Regular Weekly IDCW Option	31.4165	29.0605
Regular Monthly IDCW Option	31.3940	28.7313
Direct Plan – Daily IDCW Option	31.4746	29.2246
Direct Plan – Weekly IDCW Option	32.7671	28.3208
Direct Plan – Monthly IDCW Option	15.5305	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option	3.1865	2.9600
Direct Plan – Growth Option	3.3414	3.1100
Benchmark		
CRISIL Overnight Index	3.3563	3.0800
b. Since Inception		
Scheme		
Regular Growth Option	3.6217	3.8600
Direct Plan – Growth Option	3.7719	4.0000
Benchmark		
CRISIL Overnight Index	3.7869	4.0200

* Indicates annualised value

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies :

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and / or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default / Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial years March 31, 2022 and March 31, 2021 are NIL.
- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 399,301,960 and Rs. 399,980,420 respectively being 6.25% and 6.27% of the average net assets.
The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 1,699,851,050 and Rs. 1,700,000,000 respectively being 34.70% and 34.70% 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 as on March 31, 2022 and as on March 31, 2021 are Nil.

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	45.78	0.17	1,281,773	78.74

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022**

Name of Sponsor/AMC and its associates / related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	199.47	1.27	1,369,440	84.17

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

The brokerage paid was at rates similar to those offered to other distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
 - (ii) Devolvement - Nil. (Previous year also Nil).
 - (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
 - (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous Year also Nil).
- 3 Details of investors holding units in the scheme over 25% of the NAV as on March 31, 2022 and as on March 31, 2021 is Nil.
 - 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Growth Option	1,390,745.938	61,920,988.322	61,050,809.972	2,260,924.288	1,000
Regular Daily IDCW Option	30,731.623	3,361.122	9,940.310	24,152.435	1,000
Regular Weekly IDCW Option	35,485.307	52.844	35,485.517	52.634	1,000
Regular Monthly IDCW Option	13,269.581	346.944	13,341.931	274.594	1,000
Direct Plan - Growth Option	1,833,351.934	186,575,464.284	182,017,067.624	6,391,748.594	1,000
Direct Plan - Daily IDCW Option	17.112	5.666	5.003	17.775	1,000
Direct Plan - Weekly IDCW Option	6.170	20.277	20.088	6.359	1,000
Direct Plan - Monthly IDCW Option	-	69.997	19.999	49.998	1,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022**

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Growth Option	1,488,690.824	49,925,209.087	50,023,153.973	1,390,745.938	1,000
Regular Daily IDCW Option	50,078.278	76,867.568	96,214.223	30,731.623	1,000
Regular Weekly IDCW Option	1,520.058	126,914.131	92,948.882	35,485.307	1,000
Regular Monthly IDCW Option	17,496.780	292.112	4,519.311	13,269.581	1,000
Direct Plan - Growth Option	1,193,381.273	97,121,808.362	96,481,837.701	1,833,351.934	1,000
Direct Plan - Daily IDCW Option	1,229.214	1,158,278.434	1,159,490.536	17.112	1,000
Direct Plan - Weekly IDCW Option	-	1,115.649	1,109.479	6.170	1,000

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 5000.000 and as on March 31, 2021 is 5000.000.

- 5 Prior year amounts have been re-grouped / re-arranged where necessary.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income Nil. (2021 :- Rs. 1,52,329/- represents Penal Interest received from Bank towards delay of RTGS / NEFT.)
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and

Notes to Accounts – Annexure I (Contd..)

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2022

Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

11 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Overnight Fund	Low	Low	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger / consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/CirB/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time..

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund / HSBC Asset management (India) Private Limited and / or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information / opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsbc12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Ultra Short Duration Fund

An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Ultra Short Duration Fund (HUSDF)

(An Open Ended Ultra-Short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Please refer Page no. 9 of the SID for explanation on Macaulay duration. Relatively low interest rate risk and relatively low credit risk)

HUSDF seeks to provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved.

The net assets of HSBC Ultra Short Duration Fund amounted to Rs. 1,540.60 crores as at March 31, 2022 as compared to Rs. 583.00 crores as at March 31, 2021. The entire net assets were invested in debt and money market instruments as at March 31, 2022. The scheme was launched on January 29, 2020.

HUSDF underperformed its benchmark due to conservative investments and limiting overall investment tenor up to 1 year. HUSDF's exposure being only on long term AAA rated credit led to underperformance versus its index.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 29 January 2020	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Ultra Short Duration Fund - Growth	3.60	NA	NA	4.32	
CRISIL Ultra Short Term Debt Index (Scheme Benchmark)	4.32	NA	NA	5.02	
NIFTY Ultra Short Duration Debt Index (Additional Benchmark)	4.05	NA	NA	4.61	
CRISIL 1 Year T-Bill Index (Additional Benchmark)	3.76	NA	NA	4.64	
Rs. 10,000, if invested in HUSDF, would have become	10,360	NA	NA	10,961	
Rs. 10,000, if invested in CRISIL Ultra Short Term Debt Index, would have become	10,432	NA	NA	11,120	
Rs. 10,000, if invested in NIFTY Ultra Short Duration Debt Index, would have become	10,405	NA	NA	11,028	
Rs. 10,000, if invested in CRISIL 1 Year T-Bill Index, would have become	10,376	NA	NA	11,034	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Ultra Short Duration Fund	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	Benchmark Index: CRISIL Ultra Short Duration Fund AI Index 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Potential Risk Class (PRC) Matrix for Scheme:

HSBC Ultra Short Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	AI		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DII saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. In the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2% target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22 (RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FII bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by -10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to -11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

c. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Ultra Short Duration Fund	5	21,138.59	1	6,022.36

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able *	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

Trustees' Report

For the year ended March 31, 2022 (Contd...)

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advissorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Ultra Short Duration Fund	Low to Moderate	Low to Moderate	0

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Ultra Short Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Ultra Short Duration Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and.
 - c. the Balance Sheet and Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYQAU3793

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	62,341.02
	150,993.46	
2	Reserves & Surplus	
2.1	Unit Premium Reserves	(55.35)
2.2	Unrealised Appreciation Reserve	33.20
2.3	Other Reserves	3,671.51
	15,328.44	
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	99.97
	100.31	
	TOTAL	66,090.35
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	-
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	17,818.50
1.1.5	Securitized 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	Securitized 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	Securitized Debt Securities	-
1.4	Government Securities	7,962.97
1.5	Treasury Bills	-
1.6	Commercial Paper	19,651.13
1.7	Certificate of Deposits	11,283.06
1.8	Bill Rediscounting	-
1.9	Units of Domestic Mutual Fund	-
1.10	Foreign Securities	-
	Total Investments	56,715.66
2	Deposits	8.25
3	Other Current Assets	
3.1	Cash & Bank Balance	501.41
3.2	TREPS/Reverse Repo Lending	8,005.97
3.3	Others	859.06
4	Deferred Revenue Expenditure (to the extent not written off)	-
	TOTAL	66,090.35

Notes to Accounts - Annexure I

Abridged Revenue Account for the Year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	-	-
1.2 Interest	7,986.15	2,987.60
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	(1,792.07)	(115.82)
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	1.79	0.98
(A)	6,195.87	2,872.76
2 EXPENSES		
2.1 Investment Management Fees	220.26	90.86
2.2 GST on Investment Management Fees	39.65	16.35
2.3 Transfer Agents Fees and Expenses	53.40	21.28
2.4 Custodian Fees	8.13	2.99
2.5 Trusteeship Fees	4.01	0.68
2.6 Commission to Agents	63.26	51.05
2.7 Marketing & Distribution Expenses	0.13	0.38
2.8 Audit Fees	1.11	1.37
2.9 Investor Education Expenses	31.01	11.51
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	12.81	5.36
(B)	433.77	201.83
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	5,762.10
4 Change in Unrealised Depreciation in Value of Investments	(D)	30.89
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	5,792.99
6 Change in Unrealised Appreciation in Value of Investments	(F)	27.38
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	5,820.37
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(27.38)	(33.20)
7.3 Add/(Less) : Equalisation	5,944.46	707.94
7.4 Transfer from Reserve Fund	3,671.51	404.57
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	15,408.96	3,813.17
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(80.52)	(141.66)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	15,328.44	3,671.51

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Regular Growth Option	1,057.9746	1,008.8735
Regular Daily IDCW Option	1,026.9009	1,001.0845
Regular Weekly IDCW Option	1,025.0560	1,002.5875
Regular Monthly IDCW Option	1,019.9867	1,004.9257
Direct Plan – Growth Option	1,061.2015	1,009.3086
Direct Plan – Daily IDCW Option	1,036.4393	1,001.7122
Direct Plan – Weekly IDCW Option	1,008.6782	1,002.9587
Direct Plan – Monthly IDCW Option	1,009.1453	1,005.1883
High		
Regular Growth Option	1,096.1100	1,057.9746
Regular Daily IDCW Option	1,028.8960	1,026.9009
Regular Weekly IDCW Option	1,030.7704	1,026.0462
Regular Monthly IDCW Option	1,025.1549	1,023.4323
Direct Plan – Growth Option	1,102.3053	1,061.2015
Direct Plan – Daily IDCW Option	1,076.5215	1,036.4393
Direct Plan – Weekly IDCW Option	1,009.8297	1,009.8200
Direct Plan – Monthly IDCW Option	1,014.6247	1,012.7936
Low		
Regular Growth Option	1,058.4686	1,009.5552
Regular Daily IDCW Option	1,026.9009	1,000.4081
Regular Weekly IDCW Option	1,024.6295	1,000.2343
Regular Monthly IDCW Option	1,018.7670	1,003.5698
Direct Plan – Growth Option	1,061.7347	1,010.0114
Direct Plan – Daily IDCW Option	1,036.9585	1,001.6097
Direct Plan – Weekly IDCW Option	1,008.0996	1,001.6847
Direct Plan – Monthly IDCW Option	1,007.9078	1,003.1462
End		
Regular Growth Option	1,096.1100	1,057.9746
Regular Daily IDCW Option	1,028.8960	1,026.9009
Regular Weekly IDCW Option	1,030.7704	1,025.0560
Regular Monthly IDCW Option	1,023.1215	1,019.9867
Direct Plan – Growth Option	1,102.3053	1,061.2015
Direct Plan – Daily IDCW Option	1,076.5215	1,036.4393
Direct Plan – Weekly IDCW Option	1,009.0793	1,008.6782
Direct Plan – Monthly IDCW Option	1,012.4549	1,009.1453
2. Closing Assets Under Management (Rs. in Lakhs)		
End	154,060	58,300
Average (AAuM) ¹	155,054	57,559
3. Gross income as % of AAuM ² *		
	4.00%	4.99%

Key Statistics for the period ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
4. Expense Ratio:		
a. Total Expense as % of AAUM (including GST on Management fees) (planwise) *		
Regular Growth Option	0.48%	0.48%
Direct Plan – Growth Option	0.22%	0.22%
b. Management Fee as % of AAUM (planwise)*		
Regular Growth Option	0.18%	0.19%
Direct Plan – Growth Option	0.13%	0.13%
5. Net Income as a percentage of AAUM ³ *	3.72%	4.64%
6. Portfolio turnover ratio ⁴	–	–
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Regular Daily IDCW Option	34.3986	22.3387
Regular Weekly IDCW Option	30.6055	23.4845
Regular Monthly IDCW Option	33.0218	33.1821
Direct Plan – Daily IDCW Option	–	16.1556
Direct Plan – Weekly IDCW Option	38.0694	43.6056
Direct Plan – Monthly IDCW Option	35.0838	46.6601
Corporate		
Regular Daily IDCW Option	34.3986	22.3387
Regular Weekly IDCW Option	30.6055	23.4845
Regular Monthly IDCW Option	33.0218	33.1821
Direct Plan – Daily IDCW Option	–	16.1556
Direct Plan – Weekly IDCW Option	38.0694	43.6056
Direct Plan – Monthly IDCW Option	35.0838	46.6601
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Growth Option	3.6046	4.8700
Direct Plan – Growth Option	3.8733	5.1400
Benchmark		
CRISIL Ultra Short Term Debt Index	4.3176	5.4100
b. Since Inception		
Scheme		
Regular Growth Option	4.3199	4.9400
Direct Plan – Growth Option	4.5912	5.2100
Benchmark		
CRISIL Ultra Short Term Debt Index	5.0150	5.6200

* Indicates annualised value

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies :

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years and percentages to net assets are as under :

Security Category	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	90,483	~0.00	129,748	~0.00
– Depreciation	7,513,653	0.05	10,287,783	0.18
Certificates of Deposit / Commercial Paper				
– Appreciation	6,241,231	0.04	3,319,554	0.06
– Depreciation	959,755	0.01	–	–
Government Securities				
– Appreciation	–	–	–	–
– Depreciation	–	–	354,287	0.01
Treasury Bills				
– Appreciation	776,494	0.01	–	–
– Depreciation	–	–	–	–

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 62,321,026,129 and Rs. 52,861,456,889 respectively being 401.93% and 340.92% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 17,436,787,007 and Rs. 17,162,277,038 respectively being 302.94% and 298.17% of the average daily net assets.

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

Security Category	Fair Value (Rupees)	% to Net Assets	Fair Value (Rupees)	% to Net Assets
	2022		2021	
Debt Instruments	1,011,136,500	6.56%	1,781,850,350	30.56%
Money market Instruments	10,719,551,250	69.58%	3,093,418,000	53.06%
Total	11,730,687,750	76.14%	4,875,268,350	83.62%

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

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	353.87	4.42	4,488,820	69.75

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	510.07	31.14	3,555,047	76.31

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

(Previous year also NIL).

The brokerage paid was at rates similar to those offered to other distributors. And the Commission/ Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- Devolvement - Nil. (Previous year also Nil).
- Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous Year also Nil).

Notes to Accounts – Annexure I (Contd..)**To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022**

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 and March 31, 2021:

Description	2021-2022					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Growth Option	2,207,222.365	6,128,475.630	6,649,636.359	1,686,061.636		1,000
Regular Daily IDCW Option	80,405.606	53,279.635	101,811.294	31,873.947		1,000
Regular Weekly IDCW Option	36,913.508	39,148.338	65,794.518	10,267.328		1,000
Regular Monthly IDCW Option	129,531.345	60,349.859	141,042.558	48,838.646		1,000
Direct Plan - Growth Option	3,779,116.254	67,506,088.855	57,963,804.389	13,321,400.720		1,000
Direct Plan - Daily IDCW Option	20.437	-	-	20.437		1,000
Direct Plan - Weekly IDCW Option	26.223	1.006	-	27.229		1,000
Direct Plan - Monthly IDCW Option	866.052	10.797	20.964	855.885		1,000

Description	2020-2021					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Growth Option	2,162,450.861	5,776,766.591	5,731,995.087	2,207,222.365		1,000
Regular Daily IDCW Option	580,551.571	66,130.962	566,276.927	80,405.606		1,000
Regular Weekly IDCW Option	101,212.873	116,625.376	180,924.741	36,913.508		1,000
Regular Monthly IDCW Option	238,596.879	120,019.935	229,085.469	129,531.345		1,000
Direct Plan - Growth Option	2,069,535.715	9,642,198.979	7,932,618.440	3,779,116.254		1,000
Direct Plan - Daily IDCW Option	132,988.667	1,967.725	134,935.955	20.437		1,000
Direct Plan - Weekly IDCW Option	40.211	12.137	26.125	26.223		1,000
Direct Plan - Monthly IDCW Option	879.058	35.064	48.070	866.052		1,000

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 5000.000 and as on March 31, 2021 is 5000.000.

- 5 Prior year amounts have been re-grouped/re-arranged where necessary.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022**

- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income of Rs. 178,630 represents Exit load credited to the scheme, Penal Interest received from Bank towards delay of RTGS/NEFT and Fund transfer from focused fund to HSBC Cash Fund, HSBC Low Duration Fund & HSBC Ultra short Duration Fund, short funding in switch a/c and cross credit (HSBC Ultra Short Duration Fund (2021 :- Rs. 97,809 represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT.)

9 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 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 as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Ultra short Duration Fund	Low to Moderate	Low to Moderate	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

Notes to Accounts – Annexure I (Contd..)

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2022

- 14 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund

An open-ended Target Maturity Index Fund tracking CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. Relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2021 - 2022



Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the period ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC CRISIL IBX 50-50 Gilt Plus SDL Apr 2028 Index Fund® (HCIGPSF)

(An open-ended Target Maturity Index Fund tracking CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. Relatively high interest rate risk and relatively low credit risk)

HCIGPSF seeks to provide returns corresponding to the total returns of the securities as represented by the CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028 before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.



The net assets of HCIGPF amounted to Rs. 1,605.83 crores as on March 31, 2022. The entire net assets were invested in debt and money market instruments as at March 31, 2022. The inception date of the fund was March 31 2022.

® Note: The Performance of HSBC CRISIL IBX 50-50 Gilt Plus SDL Apr 2028 Index Fund has not been provided as the scheme has not completed six months from the date of inception as on March 31, 2022.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund	 <p>Investors understand that their principal will be at Moderate risk</p>	<p>Benchmark Index: CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

Potential Risk Class (PRC) Matrix for Scheme:

HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class ('PRC') matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight

Trustees' Report

For the period ended March 31, 2022 (Contd...)

excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022: Nil.

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434/1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

		2021-2022										
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0

Trustees' Report

For the period ended March 31, 2022 (Contd...)

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Adviosorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 24 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund	Moderate~	Moderate	0

~ Scheme launched during the financial year 2021- 2022. Risk-o-meter at the time of Scheme launch is provided.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the period ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the period ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the Scheme for the period ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report (Contd...)

adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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) of the Eleventh Schedule of the SEBI Regulations, we report that:

Independent Auditors' Report (Contd...)

- 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYQZD1290

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022[#]
LIABILITIES	
1 Unit Capital	160,470.52
2 Reserves & Surplus	
2.1 Unit Premium Reserves	-
2.2 Unrealised Appreciation Reserve	33.99
2.3 Other Reserves	78.04
3 Loans & Borrowings	-
4 Current Liabilities & Provisions	
4.1 Provision for Doubtful Income/Deposits	-
4.2 Other Current Liabilities & Provisions	12,814.57
TOTAL	173,397.12
ASSETS	
1 Investments	
1.1 Listed Securities:	
1.1.1 Equity Shares	-
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	66,046.26
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	66,046.26
2 Deposits	3,379.00
3 Other Current Assets	
3.1 Cash & Bank Balance	86.89
3.2 TREPS/Reverse Repo Lending	102,767.61
3.3 Others	1,117.36
4 Deferred Revenue Expenditure (to the extent not written off)	-
TOTAL	173,397.12

[#] Scheme launched during the current financial year
Notes to Accounts - Annexure I

Abridged Revenue Account for the period ended March 31, 2022

Rs. in Lakhs

		Current period ended March 31, 2022 #
1	INCOME	
1.1	Dividend	-
1.2	Interest	79.86
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	(0.26)
1.6	Realised Gains/(Losses) on Derivative Transactions	-
1.7	Other Income	-
	(A)	79.60
2	EXPENSES	
2.1	Investment Management Fees	0.63
2.2	GST on investment Management Fees	0.11
2.3	Transfer Agents Fees and Expenses	0.12
2.4	Custodian Fees	-
2.5	Trusteeship Fees	-
2.6	Commission to Agents	0.47
2.7	Marketing & Distribution Expenses	-
2.8	Audit Fees	0.05
2.9	Investor Education Expenses	0.09
2.10	Interest on Borrowing	-
2.11	Other Operating Expenses	0.09
	(B)	1.56
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) 78.04
4	Change in Unrealised Depreciation in Value of Investments	(D) -
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) 78.04
6	Change in Unrealised Appreciation in Value of Investments	(F) 33.99
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) 112.03
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	33.99
7.3	Add/(Less) : Equalisation	-
7.4	Transfer from Reserve Fund	-
7.5	Transfer from Unit Premium Reserve	-
8	Total	78.04
9	Dividend Appropriation	
9.1	Income Distributed during the Year	-
9.2	Tax on Income Distributed during the Year	-
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	78.04

Scheme launched during the current financial year

Notes to Accounts - Annexure I

Key Statistics for the period ended March 31, 2022

	Current period ended March 31, 2022#
1. NAV per unit (Rs.):	
Open	
Regular Plan Growth Option	–
Regular Plan IDCW Option	–
Direct Plan – Growth Option	–
Direct Plan – IDCW Option	–
High	
Regular Plan Growth Option	10.0070
Regular Plan IDCW Option	10.0070
Direct Plan – Growth Option	10.0070
Direct Plan – IDCW Option	10.0070
Low	
Regular Plan Growth Option	10.0070
Regular Plan IDCW Option	10.0070
Direct Plan – Growth Option	10.0070
Direct Plan – IDCW Option	10.0070
End	
Regular Plan Growth Option	10.0070
Regular Plan IDCW Option	10.0070
Direct Plan – Growth Option	10.0070
Direct Plan – IDCW Option	10.0070
2. Closing Assets Under Management (Rs. in Lakhs)	
End	160,583
Average (AAuM) ¹	160,583
3. Gross income as % of AAuM ² *	18.09%
4. Expense Ratio:	
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)*	
Regular Plan – Growth Option	0.42%
Direct Plan – Growth Option	0.22%
b. Management Fee as % of AAuM (planwise)*	
Regular Plan – Growth Option	0.15%
Direct Plan – Growth Option	0.12%
5. Net Income as a percentage of AAuM ³ *	17.74%
6. Portfolio turnover ratio ⁴	–

Key Statistics for the period ended March 31, 2022 (Contd...)

	Current period ended March 31, 2022 [#]
7. Total Dividend per unit distributed during the year (planwise)	
Retail	
Regular Plan Growth Option	–
Regular Plan IDCW Option	–
Direct Plan – Growth Option	–
Direct Plan – IDCW Option	–
Corporate	
Regular Plan Growth Option	–
Regular Plan IDCW Option	–
Direct Plan – Growth Option	–
Direct Plan – IDCW Option	–
8. Returns (%):	
a. Last One Year	
Scheme	
Regular Plan – Growth Option	NA <
Direct Plan – Growth Option	NA <
Benchmark	
CRISIL IBX 50:50 Gilt Plus SDL Index - April 2028	NA <
b. Since Inception	
Scheme	
Regular Plan – Growth Option	NA <
Direct Plan – Growth Option	NA <
Benchmark	
CRISIL IBX 50:50 Gilt Plus SDL Index - April 2028	NA <

NAV as on 31st March 2022 is computed NAV.

< The first NAV was declared on 4th April, 2022.

* Indicates annualised value

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.

Scheme launched during the current financial year.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of period ended March 31, 2022 is NIL.
- 1.3. Investments in Associates and Group Companies as on March 31, 2022 is Nil.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the period ended March 31, 2022 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 is Nil.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years and percentages to net assets are as under :

(Rupees)

Company Name	Amount (Rs.)	Percentage to Net Assets
	2022	
Government Securities		
– Appreciation	3,418,277	0.02
– Depreciation	19,180	~0.00

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/REPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-22 (excluding accretion of discount) are Rs. 5,342,521,555 and Rs. Nil respectively being 12143.41% and 0% 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 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

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 Crores]	% of Total Business received by the Fund	Commission paid [Rs.]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of Investment Manager	2021-2022	1,066.23	66.44	–	–

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

The brokerage paid was at rates similar to those offered to other distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022**

- (i) Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil.
- (ii) Devolvement - Nil.
- (iii) Subscription by the schemes in the issues lead managed by associate companies - Nil.
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil.
- 3 None of the Investors held more than 25% of the total net assets of the scheme at the years ended March 31, 2022.
- 4 Unit Capital movement during the period ended March 31, 2022:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Regular Growth Option	–	1,068,764,674.908	–	1,068,764,674.908	10
Regular IDCW Option	–	6,467,173.632	–	6,467,173.632	10
Direct Plan - Growth Option	–	529,455,174.972	–	529,455,174.972	10
Direct Plan - IDCW Option	–	18,200.090	–	18,200.090	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 499,975.001

- 5 As these are the first financial statements of the schemes since the date of launch, there are no prior period comparatives.
- 6 No contingent liabilities for the period ended March 31, 2022.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other Income for the period ended March 31, 2022 is Nil.
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs

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

To the Abridged Balance Sheet and Revenue Account For the period ended March 31, 2022

declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

- 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 the time of Scheme launch [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund	Moderate ~	Moderate	0

[^] From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

~ Scheme launched during the financial year 2021-22. Risk-o-meter at the time of launch is provided.

- 14 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Scheme launched during the current financial year

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/foservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434 / 1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC
Asset Management

HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Regular Savings Fund

An open ended hybrid scheme investing predominantly in debt instruments

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Debt Schemes

HSBC Regular Savings Fund (HRSF)

(An open-ended hybrid scheme investing predominantly in debt instruments)

HRSF seeks to generate reasonable returns through investments in Debt and Money Market Instruments. The secondary objective of the scheme is to invest in equity and equity related instruments to seek capital appreciation. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HRSF amounted to Rs. 96.68 crores as at March 31, 2022 as compared to Rs. 81.25 crores as at March 31, 2021. Around 66.28% of the net assets were invested in debt and money market instruments, 22.94% of the net assets were invested in equities and 10.78% were in reverse repos/TREPS & net current assets as at March 31, 2022.

HRSF outperformed its benchmark over 1-year and since inception periods but has underperformed over 3-year and 5-year periods. This was largely due to Fixed income duration was lower than that of the Index duration which helped outperform over 1-year time frame. Equities has done well in last one year and the fund has outperformed due to fund being overweight equity.



Trustees' Report

For the year ended March 31, 2022 (Contd...)

Date of Inception : 24 February 2004	Absolute Returns (%)	Compounded Annualized Returns (%)			
		1 Year	3 Years	5 Years	Since Inception
Scheme Name & Benchmarks					
HSBC Regular Savings Fund - Growth	8.22	8.14	6.60	8.83	
CRISIL Hybrid 85+15 - Conservative Index	6.94	9.87	8.70	8.45	
CRISIL 10 Year Gilt Index (Additional Benchmark)	1.08	6.27	5.02	5.60	
Rs. 10,000, if invested in HRSF, would have become	10,822	12,656	13,769	46,329	
Rs. 10,000, if invested in CRISIL Hybrid 85+15 - Conservative Index, would have become	10,694	13,274	15,181	43,479	
Rs. 10,000, if invested in CRISIL 10 Year Gilt Index, would have become	10,108	12,009	12,777	26,820	

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Regular Savings Fund	 <p>Investors understand that their principal will be at Moderately High risk</p>	<p>Benchmark Index: CRISIL Hybrid 85+15 - Conservative Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DILs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DILs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DILs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to

Trustees' Report

For the year ended March 31, 2022 (Contd...)

remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bbl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and

Trustees' Report

For the year ended March 31, 2022 (Contd...)

are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Regular Savings Fund	4,111	2,340,164.61	33	1,164,683.51

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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	1	6	7	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorkhoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation

Trustees' Report

For the year ended March 31, 2022 (Contd...)

etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 27 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Regular Savings Fund	Moderately High	Moderately High	0

Trustees' Report

For the year ended March 31, 2022 (Contd...)

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Regular Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HSBC **Regular Savings Fund** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022 and the Revenue Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022; and
- b. in the case of the Revenue Account, of the net surplus for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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 controls, that were operating effectively for ensuring the accuracy and completeness of

Independent Auditors' Report (Contd...)

the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and the Balance Sheet and the Revenue Account, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 22117812ALYRPJ9408

Place : Mumbai

Date : June 30, 2022.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

	As at March 31, 2022	As at March 31, 2021
LIABILITIES		
1	Unit Capital	3,171.17
2	Reserves & Surplus	3,282.81
2.1	Unit Premium Reserves	(91.86)
2.2	Unrealised Appreciation Reserve	(156.38)
2.3	Other Reserves	855.93
3	Loans & Borrowings	646.38
4	Current Liabilities & Provisions	5,744.93
4.1	Provision for Doubtful Income/Deposits	4,341.52
4.2	Other Current Liabilities & Provisions	-
	TOTAL	115.44
		67.41
		9,795.61
		8,181.74
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	2,217.76
1.1.2	Preference Shares	1,942.73
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	-
1.1.5	Securitised Debt Securities	206.29
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	6,407.71
1.5	Treasury Bills	4,838.24
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	8,625.47
2	Deposits	6,987.26
3	Other Current Assets	5.92
3.1	Cash & Bank Balance	0.95
3.2	TREPS/Reverse Repo Lending	964.11
3.3	Others	1,036.00
4	Deferred Revenue Expenditure (to the extent not written off)	191.07
	TOTAL	155.36
		-
		9,795.61
		8,181.74

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1 INCOME		
1.1 Dividend	14.25	13.77
1.2 Interest	411.94	417.07
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	250.59	378.93
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income	1.46	1.04
(A)	678.24	810.81
2 EXPENSES		
2.1 Investment Management Fees	103.96	104.65
2.2 GST on Investment Management Fees	18.71	18.84
2.3 Transfer Agents Fees and Expenses	3.29	3.35
2.4 Custodian Fees	0.14	0.26
2.5 Trusteeship Fees	0.40	0.28
2.6 Commission to Agents	61.49	57.28
2.7 Marketing & Distribution Expenses	0.50	0.64
2.8 Audit Fees	0.20	0.40
2.9 Investor Education Expenses	1.75	1.68
2.10 Interest on Borrowing	-	-
2.11 Other Operating Expenses	1.90	1.71
(B)	192.34	189.09
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	485.90	621.72
4 Change in Unrealised Depreciation in Value of Investments	(D) (33.37)	94.87
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	452.53	716.59
6 Change in Unrealised Appreciation in Value of Investments	(F) 209.55	626.17
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	662.08	1,342.76
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	-	-
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	(209.55)	(626.17)
7.3 Add/(Less) : Equalisation	1,050.49	(711.32)
7.4 Transfer from Reserve Fund	4,341.52	4,443.68
7.5 Transfer from Unit Premium Reserve	-	-
8 Total	5,844.54	4,448.95
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(99.61)	(107.43)
9.2 Tax on Income Distributed during the Year	-	-
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	5,744.93	4,341.52

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	42.8122	36.5567
Monthly IDCW Option	12.5333	11.3521
Quarterly IDCW Option	15.5474	13.2757
Direct Plan - Growth Option	45.7562	38.3999
Direct Plan - Monthly IDCW Option	16.0742	14.4354
Direct Plan - Quarterly IDCW Option	13.8736	12.4332
High		
Growth Option	46.7339	43.3602
Monthly IDCW Option	13.2740	12.8158
Quarterly IDCW Option	16.9357	15.7464
Direct Plan - Growth Option	50.5586	46.2506
Direct Plan - Monthly IDCW Option	17.1110	16.4204
Direct Plan - Quarterly IDCW Option	14.8322	14.2453
Low		
Growth Option	42.6152	36.1089
Monthly IDCW Option	12.4756	11.2131
Quarterly IDCW Option	15.4759	13.1131
Direct Plan - Growth Option	45.5792	37.9357
Direct Plan - Monthly IDCW Option	16.0094	14.2600
Direct Plan - Quarterly IDCW Option	13.8177	12.2821
End		
Growth Option	46.3294	42.8122
Monthly IDCW Option	12.7999	12.5333
Quarterly IDCW Option	16.6037	15.5474
Direct Plan - Growth Option	50.2641	45.7562
Direct Plan - Monthly IDCW Option	16.5744	16.0742
Direct Plan - Quarterly IDCW Option	14.2827	13.8736
2. Closing Assets Under Management (Rs. in Lakhs)		
End	9,668	8,125
Average (AAuM) ¹	8,743	8,424
3. Gross income as % of AAuM ²	7.76%	9.63%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Growth Option	2.24%	2.27%
Direct Plan - Growth Option	0.79%	0.63%

Key Statistics for the year ended March 31, 2022 (Contd...)

	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
b. Management Fee as % of AAuM (planwise)		
Growth Option	1.21%	1.26%
Direct Plan - Growth Option	0.59%	0.45%
5. Net Income as a percentage of AAuM ³	5.56%	7.38%
6. Portfolio turnover ratio ⁴	-	-
7. Total Dividend per unit distributed during the year (planwise)		
Retail		
Monthly IDCW Option	0.7450	0.7200
Quarterly IDCW Option	-	-
Direct Plan - Monthly IDCW Option	0.9850	0.9600
Direct Plan - Quarterly IDCW Option	0.8800	0.8100
Corporate		
Monthly IDCW Option	0.7450	0.7200
Quarterly IDCW Option	-	-
Direct Plan - Monthly IDCW Option	0.9850	0.9600
Direct Plan - Quarterly IDCW Option	0.8800	0.8100
8. Returns (%):		
a. Last One Year		
Scheme		
Growth Option	8.2154	17.1100
Direct Plan - Growth Option	9.8520	19.1600
Benchmark		
CRISIL Hybrid 85+15- Conservative index	6.9387	16.5700
b. Since Inception		
Scheme		
Growth Option	8.8349	8.8700
Direct Plan - Growth Option	8.9989	8.9000
Benchmark		
CRISIL Hybrid 85+15- Conservative index	8.4540	8.5400

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as of year ended March 31, 2022 is NIL. Open Positions of derivatives as of year ended March 31, 2021 is NIL.
- 1.3. Investments in Associates and Group Companies as of year ended March 31, 2022 and March 31, 2021.

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		March 31 ,2022		March 31 ,2021	
Max Financial Services Ltd.	Equities	–	–	2,185,846	172,035,228
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	2,603,529	470,907,573

- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as of financial years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity dates on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years 2022 and 2021 and their percentage to net assets are as under :

Security Category	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	March 31 ,2022		March 31 ,2021	
Equity Shares				
– Appreciation	86,781,290	8.98	66,585,034	8.19
– Depreciation	1,188,438	0.12	1,947,238	0.24
Non Convertible Debentures and Bonds Listed / Awaiting Listing				
– Appreciation	–	–	–	–
– Depreciation	–	–	41,261	0.01
Government Securities				
– Appreciation	–	–	771,022	0.09
– Depreciation	7,882,442	0.82	5,275,124	0.65
Commercial Paper / Certificate of Deposit				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	–

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021–22 (excluding accretion of discount) are Rs. 1,163,978,503 and Rs. 1,042,978,340 being 133.13% and 119.29% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-21 (excluding accretion of discount) are Rs. 1,377,833,838 and Rs. 1,589,443,610 being 163.56% and 188.68% of the average daily net assets.

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

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Equities	–	–	–	–
Debt Instruments	–	–	20,628,672	2.54%
Money Market Instruments	–	–	–	–
Total	–	–	20,628,672	2.54%

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

Details of amounts paid to associates in terms of Regulation 25 (8) are as follows :

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	13.26	49.51	1,362,891	24.17

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	2.34	40.96	1,251,384	24.96

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 Crores]	% of total value of transaction of the fund	Brokerage paid [Rs.]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2021-2022			Nil	

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In Crores]	% of total value of transaction of the fund	Brokerage paid [Rs.] (on accrual basis)	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2020-2021	0.20	0.01	1,003	0.28

The brokerage paid was at rates similar to those offered to other brokers/distributors. And the Commission/Brokerage paid to related party includes both upfront and trail and hence not comparable with the % of business brought and % of commission paid.

Further, The Hongkong and Shanghai Banking Corporation Limited, an associate of the Sponsor, is on the panel of bankers with whom HSBC Mutual Fund places money on fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

- Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies - Nil. (Previous year also Nil).
- Devolvement - Nil. (Previous year also Nil).
- Subscription by the schemes in the issues lead managed by associate companies - Nil. (Previous year also Nil).
- Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - Nil. (Previous year also Nil).

None of the Investors held more than 25% of the total net assets of the schemes at the years ended March 31, 2022 and March 31, 2021.

Unit Capital movement during the years ended March 31, 2022 and March 31, 2021.

Description	2021-22					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Growth Option	12,005,500.965	4,838,977.100	1,738,111.447	15,106,366.618		10
Monthly IDCW Option	12,325,967.598	563,398.284	3,566,708.895	9,322,656.987		10
Quarterly IDCW Option	8,020,029.330	61,536.936	1,732,080.022	6,349,486.244		10
Direct Plan - Growth Option	358,915.643	511,772.921	40,380.234	830,308.330		10
Direct Plan - Monthly IDCW Option	99,705.613	29,257.320	45,914.360	83,048.573		10
Direct Plan - Quarterly IDCW Option	17,973.783	1,840.502	-	19,814.285		10

Description	2020-21					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Growth Option	14,266,619.897	951,432.568	3,212,551.500	12,005,500.965		10
Monthly IDCW Option	18,854,849.144	379,182.417	6,908,063.963	12,325,967.598		10
Quarterly IDCW Option	9,995,883.108	116,151.222	2,092,005.000	8,020,029.330		10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022**

Description	2020-21				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Direct Plan - Growth Option	254,246.344	119,178.302	14,509.003	358,915.643	10
Direct Plan - Monthly IDCW Option	92,126.807	8,967.467	1,388.661	99,705.613	10
Direct Plan - Quarterly IDCW Option	10,684.742	7,662.926	373.885	17,973.783	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2022 is 170,321.192 and as on March 31, 2021 is 170,321.192

- 5 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 6 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable..
- 7 Other income: Rs. 146,474/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT. (2021: Rs. 103,737/- represents Exit load credited to the scheme & Penal Interest received from Bank towards delay of RTGS/NEFT).

8 Investor Education Awareness

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount (in Rs.)	Amount (in Rs.)
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI *	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual) *	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

*In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

9 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF. Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT. The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022, dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/MD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 12 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.
- 13 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.
- 14 Previous year's figures have been re-grouped/re-arranged where appropriate.

15 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
Hsbc Regular Savings Fund	Moderately High	Moderately High	0

[^]From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/MD/DF3/CIR/P/2020/197 dated October 05, 2020.

- 16 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

- 17 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

Expressions of opinion are those of HSBC only and are subject to change without notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and/or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information/opinion herein. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **To update your Personal details like PAN & Email ID**
visit: <https://new.camsonline.com>

SMS your request to HSBC Mutual Fund

- **Current Valuation** - SMS CAMS O VAL <Folio> to 56767
Example: CAMS O VAL 123456
- **Latest Account Statement via Email** - SMS CAMS O SOA <Folio> <password>* to 56767
Example: CAMS O SOA 123456 hsb12

*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund
4, 558/2, 2nd Floor, Hanudev Info Park P Ltd, Udayampalayam Road,
Nava India, Coimbatore - 641028.

HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

Toll Free Number : 1800 200 2434/1800 258 2434 (can be dialled from all phones within India) and Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.



HSBC Asset Management (India) Private Limited

CIN No: U74140MH2001PTC134220.

Regd. Office : 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway,
Goregaon (East), Mumbai 400 063.

E-mail : hsbcmf@camsonline.com

Website : www.assetmanagement.hsbc.co.in



HSBC Fixed Term Series

A close ended income Schemes

Abridged Annual Report 2021 - 2022



HSBC
Asset Management

Dear Investor,

The expression “May you always live in interesting times” it appears was meant to reflect the current times. We have lived through a global pandemic and emerged successful through enormous hardships and unfortunately with significant personal loss. Just when we thought the worst was behind us with a solid global uptick, volatility in the geo political front caused some of the highest levels of inflation of commodity and food prices causing Central Banks globally to raise interest rates leading the pundits to forecast a hard landing and even stagflation. I am confident that we will get through this phase also successfully. But volatility is here to stay and it is our job as your Investment Managers to manage this optimally for you.



The year 2021 was a big year for us as we announced the acquisition of L&T Investment Managers. Subject to regulatory approvals this acquisition will significantly increase our geographical presence in more than 50 cities and towns and will provide access to one of the largest distribution networks, offer enhanced product offerings to cater to all investor needs and a larger investor base. We look forward to welcoming the L&T Mutual Fund family into HSBC.

During the year we launched two major New Fund Offers (NFOs) viz. HSBC Midcap Fund and the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. HSBC Midcap Fund was launched in September 2021 and aimed at “investing in the early signs” to seek long-term capital growth from an actively managed portfolio of equity and equity-related securities of predominantly mid-cap companies. We also launched in March 2022 the HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund. With rising interest rates this target maturity index fund is ideal for investors who are credit risk averse (portfolio includes only Government of India securities and State development loans) and have a medium to long term investing need.

We believe that the India story has just begun. The opportunity to invest in this high growth market is a very exciting opportunity. An exposure to unique and future relevant themes can provide a much needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity, and construct a portfolio appropriately. Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

As always thank you for your trust and look forward to the continued patronage.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Ravi Menon', with a stylized flourish at the end.

Ravi Menon

Chief Executive Officer,

HSBC Asset Management India

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400 001.

TRUSTEE

Board of Trustees

9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3, Western Express Highway, Goregaon (East), Mumbai 400 063, India.

CUSTODIAN

Standard Chartered Bank (SCB) (upto 2nd July, 2022)

Corp. & Regd. Office: Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051.

Citibank N.A. (w.e.f. 2nd July, 2022)

Mumbai Branch, FIFC, 11th Floor, G Block, Plot No. 54-55, Bandra Kurla Complex, Bandra - East, Mumbai - 400051.

AUDITORS TO THE SCHEME

MSKA & 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

'C' Block, 2nd Floor, Hanudev Info Park P. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641 028.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Dr. T. C. Nair	– Trustee
Ms. Ho Wai Fun	– Trustee

BOARD OF DIRECTORS

Mr. Dinesh Mittal	– Director
Dr. Indu Shahani	– Director
Mr. Ravi Menon	– Director & Chief Executive Officer

Trustees' Report

For the year ended March 31, 2022

The Trustees of HSBC Mutual Fund ("Fund") present the Twentieth Annual Report and the audited abridged financial statements of the schemes of the Fund for the year ended March 31, 2022.

As at March 31, 2022, the Fund offered 29 schemes across asset classes to meet the varying investment needs of the investors. During FY 2021-2022, the Fund has launched two new products namely HSBC Mid Cap Fund and HSBC CRISIL IBX 50:50 Gilt Plus SDL Apr 2028 Index Fund to fill the gaps in our product offering. Further, HSBC Global Consumer Opportunities Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - China Consumer Opportunities Fund has been merged into HSBC Asia Pacific (Ex Japan) Dividend Yield Fund, an open ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund w.e.f. May 13, 2021.

The Fund continues its focus on delivering consistent long term returns. The comments on the performance of the scheme(s) is 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 our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (- "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited ("L&T AMC"), L&T Mutual Fund Trustee Limited (- "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund, respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund. The said transfer agreement, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of the L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to the L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified the L&T MF Schemes with identified schemes of the HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS OF THE SCHEMES

a. Operations and Performance of the Schemes

➤ Fixed Term Series

HSBC Fixed Term Series – close ended income schemes

These are closed-ended income schemes that seek to generate return by investing in a portfolio of fixed income instruments which mature on or before maturity date of the respective Plan(s). Each Plan is managed as a separate portfolio. The Fixed Term Series under the respective Series with different tenures have performed in line with the yields prevailing for the relevant tenures at the time of launch, however, the Plan(s) does not assure or guarantee any returns.

The performance of Fixed Term Series which are in existence for more than a year as on March 31, 2022 is provided below:

Fund/Benchmark	1 Year		3 Years		5 Years		Since Inception		Inception Date
	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	
HSBC Fixed Term Series 137 - Reg - Growth	10,409	4.09	12,379	7.35	NA	NA	12,686	7.72	18-Jan-19
Scheme Benchmark (CRISIL Composite Bond Fund Index)	10,448	4.48	12,678	8.21	NA	NA	12,949	8.41	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Fund/Benchmark	1 Year		3 Years		5 Years		Since Inception		Inception Date
	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	
Additional Benchmark (CRISIL 10 year Gilt Index)	10,108	1.08	12,009	6.27	NA	NA	12,242	6.53	
HSBC Fixed Term Series 139 - Reg - Growth	10,395	3.95	12,380	7.36	NA	NA	12,568	7.67	26-Feb-19
Scheme Benchmark (CRISIL Composite Bond Fund Index)	10,448	4.48	12,678	8.21	NA	NA	12,891	8.56	
Additional Benchmark (CRISIL 10 year Gilt Index)	10,108	1.08	12,009	6.27	NA	NA	12,139	6.47	
HSBC Fixed Term Series 140 - Reg - Growth	10,413	4.13	NA	NA	NA	NA	12,421	7.68	26-Apr-19
Scheme Benchmark (CRISIL Composite Bond Fund Index)	10,448	4.48	NA	NA	NA	NA	12,686	8.46	
Additional Benchmark (CRISIL 10 year Gilt Index)	10,108	1.08	NA	NA	NA	NA	11,995	6.40	

Past performance may or may not be sustained in future. Returns on 10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last business day of March 2022 for Growth Option – Regular Plan. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Performance of the Fixed Term Series matured during the year is provided below:

Fund/ Benchmark	1 Year		3 Years		5 Years		Since Inception		Inception Date
	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	
HSBC Fixed Term Series 130	0.4200	10,042.00	0.5400	10,162.88	NA	NA	0.5500	10,182.42	22-Dec-17
Scheme Benchmark (CRISIL Composite Bond Fund Index)	-1.6600	9,834.00	-0.1300	9,961.05	NA	NA	-0.0600	9,980.24	22-Dec-17
HSBC Fixed Term Series 131	5.34	10,534.00	7.02	12,257.30	NA	NA	6.55	12,189.39	21-Mar-18
Scheme Benchmark (CRISIL Composite Bond Fund Index)	7.8500	10,785.00	9.71	13,205.01	NA	NA	9.35	13,217.09	21-Mar-18
HSBC Fixed Term Series 132	8.1800	10,818.00	8.1500	12,649.68	NA	NA	7.7500	12,646.17	12-Mar-18
Scheme Benchmark (CRISIL Composite Bond Fund Index)	7.8500	10,785.00	9.7100	13,205.01	NA	NA	9.4300	13,276.76	12-Mar-18
HSBC Fixed Term Series 133	7.2600	10,726.00	7.2700	12,343.40	NA	NA	6.87449	12,292.16	27-Mar-18


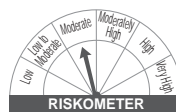
Trustees' Report

For the year ended March 31, 2022 (Contd...)

Fund/ Benchmark	1 Year		3 Years		5 Years		Since Inception		Incep- tion Date
	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	Returns (%)	Amount (Rs.)	
Scheme Bench- mark (CRISIL Composite Bond Fund Index)	7.8500	10,785.00	9.7100	13,205.01	NA	NA	8.9800	13,059.56	27-Mar- 18
HSBC Fixed Term Series 134	4.0500	10,405.00	3.3000	11,023.03	NA	NA	3.4000	11,077.37	08-Jun- 18
Scheme Bench- mark (CRISIL Composite Bond Fund Index)	5.0600	10,506.00	9.8600	13,259.24	NA	NA	9.9200	13,356.91	08-Jun- 18
HSBC Fixed Term Series 135	3.8800	10,388.00	3.3300	11,032.64	NA	NA	3.4200	11,082.91	10-Jul- 18
Scheme Bench- mark (CRISIL Composite Bond Fund Index)	3.9000	10,390.00	9.5600	13,150.92	NA	NA	9.6600	13,257.11	10-Jul- 18
Scheme Bench- mark (CRISIL 10 year GILT index)	2.1600	10,216.00	8.7500	12,861.39	NA	NA	8.9900	13,011.01	10-Jul- 18
HSBC Fixed Term Series 136	5.2500	10,525.00	4.1000	11,281.12	NA	NA	3.7900	11,236.61	13-Aug- 18
Scheme Bench- mark (CRISIL Composite Bond Fund Index)	5.8300	10,583.00	10.2300	13,393.66	NA	NA	9.6100	13,332.15	13-Aug- 18
Scheme Bench- mark (CRISIL 10 year GILT index)	3.8800	10,388.00	9.1700	13,010.98	NA	NA	8.6600	12,973.33	13-Aug- 18





Past performance may or may not be sustained in future. Returns on 10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on maturity date of the respective scheme for Growth Option. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2022:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Fixed Term Series 137	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index : CRISIL Composite Bond Fund Index</p>  <p>RISKOMETER</p>

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Fixed Term Series 139	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index : CRISIL Composite Bond Fund Index</p> 
HSBC Fixed Term Series 140	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	<p>Benchmark Index : CRISIL Composite Bond Fund Index</p> 

Note on Risk-o-meters: 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, 2022. As per SEBI circular dated October 5, 2020 on product labelling (as amended from time to time), risk-o-meter will be calculated on a monthly basis based on the risk value of the scheme portfolio based on the methodology specified by SEBI in the above stated circular. The AMC shall disclose the risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 days from the close of each month. 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.

b. Market Overview & Outlook (as furnished by HSBC Asset Management (India) Private Limited)

➤ EQUITY OUTLOOK

Recap of FY2021-22:

Despite multiple challenges (i.e. two COVID waves, FPI outflows, geopolitical crisis, surge in commodity prices, rising rates & inflation etc.), fiscal FY2021-22 was another rewarding year on equity market performance, even on the strong base of FY2020-21. In fact, FY22 market returns were second-best in last seven fiscal years (FY21 was the best). The broader markets outperformed and Small cap index delivered the best performance amongst key indices.

All sectors managed to deliver positive returns during the fiscal. Top gainers in the sectoral space were Utilities, Metals, Media, Oil & Gas, Communication Services, and Technology. While Private Banks, Consumer, Autos, and Healthcare, underperformed.

The year started with the adverse impact of the COVID second wave in India but the economic loss was lower, as there were no large scale or countrywide shutdown unlike the first wave. The earnings momentum picked up through FY22 and was benefitted by removal of restrictions, opening up process and commodity price inflation. The year however ended on a bleaker note, with the Ukraine geopolitical crisis, sharp rise in fuel costs, tightening liquidity, FPI outflows and sticky inflation environment, all of which have brought hazy outlook for the ongoing fiscal year.

Global crude oil prices surged by 69.8% during the year to close over USD 100/ barrel mark (USD 108). INR depreciated by 3.7% (as India saw one significant FPI outflows) during the year. MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 16.8% as compared to 8.6% for MSCI World, 5.1% for Dow Jones, -13.3% for MSCI Emerging Markets, -33.5% for MSCI China and 1.2% for MSCI Europe*.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

The flows data points were contrasting with FPI flows turning negative after five consecutive fiscal years of net inflows, while DIs saw a record year of net inflows. FPI net outflows was at USD 17.1 bn in FY22, compared to a record USD 37.3 bn of net inflows during FY21. DIs, on the other hand, had their best ever fiscal of net inflows at USD 26.8 bn compared to net outflows of 18.4 bn in the previous fiscal. Within DIs, the MF segment was the key contributor (USD 22.6 bn of net inflows) while Insurers were also in the net inflow territory (USD 4.2 bn of net inflows) *.

Indices Returns (April 1, 2021 to March 31, 2022)	1 Year [^]
S&P BSE Sensex TR	19.5%
NSE CNX Nifty TR	20.3%
S&P BSE 100 TR	20.7%
S&P BSE 200 TR	21.3%
S&P BSE 500 TR	22.3%
S&P BSE Midcap TR	20.7%
S&P BSE 250 Small-cap TR	34.3%

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

Way forward:

We have stepped into FY23 with increased uncertainty, driven by factors such as sticky inflation, central bank policy actions globally to tame inflation that include rate increases and liquidity withdrawal, growth moderation, high input prices and ongoing geopolitical crisis in the Russia- Ukraine. Many of these factors are inter-wined with each other and has increased the macro uncertainty at a global stage. This background casts a shadow on the equity asset class, as these variables are expected to adversely impact both drivers of the equity performance viz valuations (given rising interest rates) and earnings growth (slowing demand & inflation).

Supply side disruption & higher commodity prices, due to the ongoing war has given rise to a 'sticky' inflation phase as opposed to it being 'transient'. This is leading to a shift in central bank policy stance globally with the earlier accommodative stance being withdrawn and the policy makers turning more hawkish in their approach. The US Federal reserve has already embarked on an accelerated rate hike process to fight inflation along with withdrawal of liquidity. The direct impact of the Ukraine crisis is already digested and the markets are assuming no escalation from the current conflict zone as the base case. Shift in policy stance worldwide also indicate that the pandemic concerns are now waning and the recovery has been satisfactory. Given the geopolitical crisis, sticky inflation and a high base, global growth is expected to moderate in 2022.

On the domestic front, the policy normalization has been initiated and the surprise off-cycle repo rate and CRR hikes, indicate RBI's urgency in taming inflationary pressures in the economy. Inflation is expected to remain elevated in the near term due to the flow through of global supply side disruption and higher fuel prices and hence no longer considered transient in nature. This would mean a phase of rising policy rates for the next few quarters. On the macro front, India is on a strong footing to navigate this phase of volatility. This is visible in both external macro variables (healthy forex reserves and manageable Current Account Deficit) and a decent fiscal position, despite the elevated crude oil prices. The strong tax buoyancy (visible in both GST and direct taxes), could create more fiscal room than anticipated, providing ammunition for policy maneuvers during times of volatility.

Markets are still expensive as compared to historical averages but valuation premium has moderated in the recent correction. Nifty is trading at 19.4x/16.7x FY23/FY24e (as on 30 Apr 2022). Hardening bond yields are negative for equity valuations. Market returns may lag earnings growth over the next few quarters, on account of moderation in valuation multiples. As a result, the equity markets are likely to remain volatile in the short term and could possibly trade with a negative bias, reacting to the inflationary and increasing interest rate environment.

On the portfolio front, we continue to run high conviction strategies, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. We remain focused

Trustees' Report

For the year ended March 31, 2022 (Contd...)

on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises. Our positioning in the portfolio remains overweight to rate sensitive plays, global growth plays and capex oriented plays. We are underweight on consumption (especially rural consumption) and regulated businesses like utilities and energy.

*Source: Bloomberg

➤ DEBT OUTLOOK

Market drivers during the course of the year FY22

The fixed income markets traded range bound in the first half of the year. On the positive side, RBI continued to stay accommodative and announcement of GSAP 1.0 and GSAP 2.0 which involved a cumulative purchase of INR 2.2 trln helped to balance the demand-supply for bonds, especially in the first half of the fiscal year. Fiscal revenues also surprised on the upside with better than expected GST collections and robust direct tax collections as well. However, towards the latter half of the fiscal year, global cues and inflation worries weighed on markets. US treasury yields which reached a low of 1.18% in August 2021 rose sharply in the second half of the year and closed March 2022 at 2.34% after touching 2.5% in mid-March. Rising crude and commodity prices and geopolitical tensions also weighed on markets. RBI also did not do any OMO purchases post September 2021. Budget 2022-23 also resulted in a negative surprise on the fiscal/borrowing front. Overall India 10 y bond yield which started the year at 6.18 closed FY 22 at 6.84.

RBI Policy: RBI maintained rates unchanged through the year with repo rate at 4% and reverse repo rate at 3.35%. RBI also continued with the accommodative stance in order to sustain growth. IN the early part of the year, RBI announced G-Sec acquisition programme (GSAP) which involved scheduled OMO purchases of INR 1.0 trn and 1.2 trn for Q1 and Q2 FY 22. The ambit of the same was expanded to include SDLs as well. However, in H2 FY 2022, RBI did not conduct any OMO purchases.

In early FY 23, RBI in the April policy introduced standing deposit facility (SDF) at a rate of 3.75% (with repo rate at 4%) which would be the primary overnight operating rate, replacing the fixed rate reverse repo. The RBI also turned hawkish in the April policy and indicated that controlling inflation would become the main priority over sustaining growth. Inflation projections for FY 23 were raised by 120 bps. The RBI subsequently in an out of turn monetary policy committee meeting in the month of May, raised repo rate, SDF and marginal standing facility by 40 bps. With this, repo rate as of mid-May stands at 4.40%

Inflation: Inflation remained elevated for a large part of the year. While base effects helped moderate inflation to less than 5% in September to October 2021, core inflation remained elevated through the year at close to or above 6%. Towards the later part of the fiscal year, food inflation also inched up, partly aided by an unfavorable base. As a result, inflation at end of FY 22 was at 6.93%, above the RBI's 4% +/- 2 % target. Prospectively into FY 23, with rise in crude and commodity prices and rupee weakening and geopolitical tensions continuing to impact commodity and global food prices, inflation remains at elevated levels

Liquidity: During the year, system liquidity has remained at significant surplus with RBI GSAP 1.0 and GSAP 2.0 in the early part of the fiscal year aiding liquidity conditions, and compensating the restoring of CRR to level of 4% over March and May 2021. From August onwards, RBI started absorbing part of the overnight excess liquidity through variable rate reverse repo auctions which were gradually increased starting from a size of INR 2.0 trn to INR 6.0 trn. The VRRRs were primarily 14 day VRRRs to begin with, but RBI also added 7-day and 28 day VRRRs to its liquidity management toolkit over the course of the year. In May 2022, RBI further raised CRR to 4.5%. RBI has mentioned that liquidity would stay accommodative to meet the productive needs of the economy even as it moderates the liquidity over a multi year time frame to a level consistent with the stance of monetary policy.

Budget: Fiscal accommodation continued in the FY 2023 budget as the deficit was budgeted at 6.4% v/s 6.9% revised estimate (6.8% budgeted estimate) for FY 22. Gross borrowings at INR 14.3 trn and net borrowing at INR 11.2 trn were much higher than market expectations. Nevertheless, conservative assumptions underpinned the budget on the revenue side with GSP nominal growth for FY 23 assumed

Trustees' Report

For the year ended March 31, 2022 (Contd...)

at 11.1% and tax revenue growth at 10% over FY 22 revised estimates. The FY 22 revised estimates were themselves conservatively estimated and have subsequently been exceeded in terms of actual outcomes. Expenditure was capex focused with revenue expenditure growth being budgeted modestly over the current year. The buffers on the revenue side offer some scope for unanticipated expenditures such as a potential increase in food and fertilizer subsidies. Further the budget continues on the past of transparency with FY 23 capital expenditure budgeted including part of expenditure earlier incurred off balance sheet through government owned entities.

1H FY 23 borrowings at INR 8.45 trn was at 59% of the FY 23 estimated borrowing and was on expected lines. The proportion of fiscal deficit to be funded through market borrowing has been conservatively estimated at 67% in FY 23 (v/s 55% average from FY 19 to FY 22) and higher NSSF collections (estimated at INR 4.3 trn (FY 23 BE) v/s INR 5.9 trn in FY 22(RE)) could provide some leeway on market borrowings in the second half of FY 23 if revenue collections remain robust.

Currency and FI Flows: Rupee traded with a weakfish bias for most of last year. FPI inflows which were strong in FY 21 moderated in first half of FY 22. In the second half of FY 22, FPI outflows accelerated especially from the equity segment. Meanwhile, opening up of the economy post pandemic led to an increase in imports and current account moved back into deficit from Q2 FY 22 onwards after a surplus in Q1 FY 22. Overall FX reserves peaked at USD 642 bn in early September and subsequently dropped to USD 607 bn as of March 31, 2022, though was higher than USD 537 bn as of March 31, 2021. The drop in FX reserves was partly also on account of sell buy USD INR swap conducted by RBI in March 2022.

As a result, rupee weakened to 75.90 as of 31 March 2022 v/s 73.12 as at the end of March 2021

Net FI flows were around USD -18 bn (outflow of 18 bn) on the equity side while FI bought around USD 2 bn bonds on the debt side (including inflows through the voluntary retention route (VRR)) on a net basis taking total net FI flows to ~USD 16 bn.

Credit growth: Credit growth of the year was tepid as recovery from the first wave of the pandemic and associated lockdown remained uneven even as the second wave of Covid in April to June 2021 exercised further pressure on economic activity. In line with revival in economic activity on the second half of the year, there was a pickup in credit growth as well. Overall credit growth grew by ~10% in FY 2022 v/s 5.6% in FY 21. Credit growth further increased to ~11% as of mid April 2022 and prospectively it is expected to continue on the recovery path given increased working capital utilizations and potential recovery in capital expenditure by the corporate sector.

Market Outlook

After the accommodative monetary policy in FY 21 to help fuel the recovery from the pandemic, the year of FY 22 saw global central banks moving to contain the rising threat of inflation as the primary priority, especially towards the latter half of the year. Rising geopolitical tensions and supply side issues also contributed to increased inflation. Crude prices rose over USD 100/bl after geopolitical tensions arising from the conflict in Ukraine.

These factors continue to weigh on yields in FY 23 as well. Global bond yields sharply rose in FY 22 and have maintained their upward trajectory in the current fiscal as well, as global central banks turned hawkish and are expected to hike rates going forward at a pace faster than earlier expected.

On the domestic side, inflation numbers are expected to remain elevated and above the RBI target of 4%+/-2% in the next few months. RBI has also indicated that it would normalize monetary policy going forward with

FY 2023 borrowing program was higher than expected and as a result bond supply is expected to remain a challenge for markets, especially in the absence of OMO purchases unlike in FY 22.

Given these factors, it is expected that yields will trade with a negative bias and inch up further as the year progresses. On the positive side, revenue collections have continued to remain robust thus far and hence there is some scope for positive surprise on the fiscal/borrowing front in 2H FY 23 if the same trend continues. However, any positive on fiscal and borrowing side may be back-ended nature

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2. BRIEF BACKGROUND OF SPONSORS, BOARD OF TRUSTEES AND 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 Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

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 with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and the Board of Individual Trustees. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was 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. Board of Trustees (the Trustees)

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. 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.

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 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 Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 and 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 Rs. 61.59 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.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

The investment objective of the respective schemes has been provided above under the heading "Scheme Performance, Future Outlook and Operation of the Scheme" (Refer Section 1).

4. 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

Trustees' Report

For the year ended March 31, 2022 (Contd...)

Board of India (Mutual Funds) Regulations 1996.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount Scheme-wise as on March 31, 2022:

Scheme	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (Rs.)	No. of Investors	Amount (Rs.)
HSBC Fixed Term Series 132			1	184,750.88
HSBC Fixed Term Series 135			1	3,878,455.00

6. INVESTOR SERVICES

The number of official points of acceptance of transactions is 204 locations. In addition to the offices of the Registrar & Transfer agents, the AMC has Investor Service Centers in 9 locations at its own offices - namely Mumbai, New Delhi, Kolkata, Bangalore, Pune, Ahmedabad, Hyderabad, Chandigarh and Chennai. With a view to enhance customer convenience, the AMC has the facility of priority based servicing to key distributors through the enhancement of the Interactive Voice Responses. The AMC has 2 Toll Free numbers (1-800-200-2434 /1-800-258-2434) which can be dialed from anywhere in India and 1 number i.e +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. Transactions for purchase/redemption of units in the schemes HSBC Mutual Fund can also be made through the online transaction facility on the AMC's website at <https://invest.assetmanagement.hsbc.co.in>.

On the distribution front, the number of empaneled distributors was 1069 as on March 31, 2022. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 52.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2021 - March 2022 are as follows:

2021-2022												
Complaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Complaints received during the year	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 A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	0	0	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	6	7	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	
II B	Discrepancy in Statement of Account	0	5	5	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2022 (Contd...)

2021-2022												
Com-plaint Code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No. of Com-plaints received during the year	Action on (a) and (b)								
				Resolved				Non Action-able*	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
II C	Data corrections in Investor details	0	29	29	0	0	0	0	0	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	0	0	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	0	12	12	0	0	0	0	0	0	0	0
III F	Delay in allotment of Units	0	1	1	0	0	0	1	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	24	24	0	0	0	0	0	0	0	0
	Total	1	77	78	0	0	0	1	0	0	0	0

Summary of Complaints for FY 2021-22

Particulars	Count
Total complaints received	77
Total number of folios	18031
% of complaints against the folio	0.042%

active folios

** 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 is included as a separate category

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

8. INVESTOR EDUCATION INITIATIVES

Investor awareness advertisements were published in Mutual Fund Insight magazine on a monthly basis along with an editorial on 'SIP Sahi Hai'. Additionally, monthly articles/blogs have been written by Advisorshoj on IAP which talks of the advantages of SIP, start early, power of compounding, diversification, asset allocation etc. The same is promoted by the publisher via an email to their entire network and also on their social media handles which can be retweeted or liked. Also, educative infographics have been hosted on our website under the investor resources section. The same have also been circulated to existing Indian investors via email for engagement and for educative purposes.

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For the year ended March 31, 2022 (Contd...)

9. PROXY VOTING POLICY

In terms of SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer page no. 55 for Proxy Voting Policy and Procedures).

The summary of the votes casted 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 2021-2022 is provided below:

Quarter	Total no. of resolutions	Break-up of vote decision		
		For	Against	Abstained
April 2021 - June 2021	87	79	7	1
July 2021 - Sept 2021	841	662	111	68
Oct 2021 - Dec 2021	40	39	1	0
Jan 2022 - Mar 2022	94	39	25	30
Grand Total	1062	819	144	99

In terms of the requirement of SEBI Circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021; the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2021-22. The certificate dated June 08, 2022 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the page no. 397 of Full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2021-22 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- 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.
- 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 unit holders 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.

11. SCHEME WISE CHANGES IN RISK-O-METER OF THE SCHEMES OF HSBC MUTUAL FUND DURING FY 2022

As per the requirements of SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2021-22 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 as on March 31, 2021	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year (April 2021 to March 2022)
HSBC Fixed Term Series 137	Low to Moderate	Low to Moderate	0
HSBC Fixed Term Series 139	Low to Moderate	Low to Moderate	0
HSBC Fixed Term Series 140	Low to Moderate	Low to Moderate	0

Trustees' Report

For the year ended March 31, 2022 (Contd..)

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

As per the requirements of SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019, 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:

S. 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.
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.

Trustees' Report

For the year ended March 31, 2022 (Contd...)

5. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation / non-compliance, if any
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.

13. 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					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR - NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the Unit holders 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 the Board of Trustees of HSBC Mutual Fund

Sd/-

Trustee

Mumbai

June 30, 2022.

Independent Auditors' Report

To the Board of Trustees of HSBC Mutual Fund

HSBC Fixed Term Series 137

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Fixed Term Series 137** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Valuation and existence of investments (Refer Note 2.2 to the financial statements):</p> <p>The investments held by the Scheme as at March 31, 2022 mainly comprises of Certificate of Deposits, Corporate Bonds/ Debentures and Zero Coupon Bonds.</p> <p>The investments form the most significant component of the Balance Sheet and accurate valuation of investments is critical to the accurate computation of net asset value. Hence, the valuation and existence of the portfolio of investments is considered as a Key Audit Matter.</p> <p>Valuation of investments is required to be in compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and the Board of Directors of HSBC Asset Management (India) Private Limited, and in compliance with the SEBI Regulations and Guidelines.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the key controls over valuation and existence of investments and assessed the operating effectiveness of such controls. 2. Verified the valuation of the investments by testing the compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and Board of Directors of HSBC Asset Management (India) Private Limited, and compliance with SEBI Regulations and Guidelines and by comparing the investment valuation from prices obtained from following sources: <ul style="list-style-type: none"> • security level prices received from agencies approved by Association of Mutual Fund in India (the "AMFI").

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<ol style="list-style-type: none"> 3. Assessed and verified the provisions required as per SEBI Regulations and Guidelines on below investment grade securities or default securities, if any. 4. Verified the existence of the investments by obtaining and reconciling the direct confirmations of the holdings from the Custodian of the Scheme. 5. Verified the holdings as per above confirmations with the Scheme's accounting records. We have reviewed the reconciliation for the cases where differences were observed, if any. 6. Assessed that the disclosures in the financial statements are in accordance with the SEBI Regulations.
2	<p>Information Technology (IT) System:</p> <p>The reliability of Information Technology ('IT') systems plays a key role in the business operations of Mutual fund. Since large volume of transactions are processed, the IT controls are required to ensure that systems process data as expected and that changes are made in an appropriate manner.</p> <p>The audit approach relies extensively automated controls and therefore on the effectiveness of controls over IT Systems. Accordingly, our Audit was focused on Key IT Systems and controls due to pervasive impact on the financial statements.</p> <p>The control over IT Systems and operating effectiveness thereof at investment operations, fund accountant and registrar & transfer agents of the Fund is considered as a Key Audit Matter as the scheme is highly dependent on technology due to the significant number of transactions that are processed daily, and discrete IT Systems used.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Involved our IT specialists to obtain an understanding of the IT-related control environment at investment operations, fund accountant and registrar & transfer agents of the Fund (together referred to as "Entity"). Further conducted an assessment and identified key IT assessment and identified key IT Applications, databases and operating systems that are relevant to our audit and have identified key applications relevant for financial reporting. 2. Obtained an understanding of the Entity's IT Control environment and key changes during the audit period that may be relevant to the audit. 3. Verified application Access management control, Change management control, Admin access control, Database administration control, Backup management, Restoration control and Network operations for important IT systems related to financial reporting 4. The Entity's General IT Controls over the core IT systems that are key to financial reporting were tested for design effectiveness and operating effectiveness. <ol style="list-style-type: none"> a) Access Management: <p>This included a review of the entity's controls to see if access rights were granted/modified based on properly approved requests, whether access for exit cases was revoked in a timely manner, and whether all users' access was examined throughout the audit period.</p>

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<p>b) Change Management: This included a review of the entity's controls to see if the change was implemented to the application based on properly approved requests, whether the application has appropriate segregation of environment, and whether appropriate users' have access to implement change in the application.</p> <p>c) Backup Management and Restoration: This included a review of the entity's controls to see if the backup configuration and data backups were taken as per the documented backup policy, and whether appropriate restoration was done during the audit period.</p> <p>d) Incident Management: This included a review of the entity's controls to see incidents raised during the audit period are resolved in a timely manner.</p> <p>e) Network security: This included a review of the entity's controls to see if Network security control are appropriately implemented to prevent cyber attacks.</p> <p>5. Verified the key report extraction process from the Application front end and Database (back end) to check the completeness and accuracy of the reports.</p>

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report *(Contd...)*

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation

Independent Auditors' Report (Contd...)

precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN : 22117812ALZEUM1563

Place : Mumbai

Date : June 30, 2022

Independent Auditors' Report *(Contd...)*

To the Board of Trustees of HSBC Mutual Fund

HSBC Fixed Term Series 139

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Fixed Term Series 139** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Valuation and existence of investments (Refer Note 2.2 to the financial statements):</p> <p>The investments held by the Scheme as at March 31, 2022 mainly comprises of Certificate of Deposits, Corporate Bonds/ Debentures and Zero Coupon Bonds.</p> <p>The investments form the most significant component of the Balance Sheet and accurate valuation of investments is critical to the accurate computation of net asset value. Hence, the valuation and existence of the portfolio of investments is considered as a Key Audit Matter.</p> <p>Valuation of investments is required to be in compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and the Board of Directors of HSBC Asset Management (India) Private Limited, and in compliance with the SEBI Regulations and Guidelines.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the key controls over valuation and existence of investments and assessed the operating effectiveness of such controls. 2. Verified the valuation of the investments by testing the compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and Board of Directors of HSBC Asset Management (India) Private Limited, and compliance with SEBI Regulations and Guidelines and by comparing the investment valuation from prices obtained from following sources: <ul style="list-style-type: none"> • security level prices received from agencies approved by Association of Mutual Fund in India (the "AMFI").

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<ol style="list-style-type: none"> 3. Assessed and verified the provisions required as per SEBI Regulations and Guidelines on below investment grade securities or default securities, if any. 4. Verified the existence of the investments by obtaining and reconciling the direct confirmations of the holdings from the Custodian of the Scheme. 5. Verified the holdings as per above confirmations with the Scheme's accounting records. We have reviewed the reconciliation for the cases where differences were observed, if any. 6. Assessed that the disclosures in the financial statements are in accordance with the SEBI Regulations.
2	<p>Information Technology (IT) System:</p> <p>The reliability of Information Technology ('IT') systems plays a key role in the business operations of Mutual fund. Since large volume of transactions are processed, the IT controls are required to ensure that systems process data as expected and that changes are made in an appropriate manner.</p> <p>The audit approach relies extensively automated controls and therefore on the effectiveness of controls over IT Systems. Accordingly, our Audit was focused on Key IT Systems and controls due to pervasive impact on the financial statements.</p> <p>The control over IT Systems and operating effectiveness thereof at investment operations, fund accountant and registrar & transfer agents of the Fund is considered as a Key Audit Matter as the scheme is highly dependent on technology due to the significant number of transactions that are processed daily, and discrete IT Systems used.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Involved our IT specialists to obtain an understanding of the IT-related control environment at investment operations, fund accountant and registrar & transfer agents of the Fund (together referred to as "Entity"). Further conducted an assessment and identified key IT assessment and identified key IT Applications, databases and operating systems that are relevant to our audit and have identified key applications relevant for financial reporting. 2. Obtained an understanding of the Entity's IT Control environment and key changes during the audit period that may be relevant to the audit. 3. Verified application Access management control, Change management control, Admin access control, Database administration control, Backup management, Restoration control and Network operations for important IT systems related to financial reporting 4. The Entity's General IT Controls over the core IT systems that are key to financial reporting were tested for design effectiveness and operating effectiveness. <ol style="list-style-type: none"> a) Access Management: <p>This included a review of the entity's controls to see if access rights were granted/modified based on properly approved requests, whether access for exit cases was revoked in a timely manner, and whether all users' access was examined throughout the audit period.</p>

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<p>b) Change Management: This included a review of the entity's controls to see if the change was implemented to the application based on properly approved requests, whether the application has appropriate segregation of environment, and whether appropriate users' have access to implement change in the application.</p> <p>c) Backup Management and Restoration: This included a review of the entity's controls to see if the backup configuration and data backups were taken as per the documented backup policy, and whether appropriate restoration was done during the audit period.</p> <p>d) Incident Management: This included a review of the entity's controls to see incidents raised during the audit period are resolved in a timely manner.</p> <p>e) Network security: This included a review of the entity's controls to see if Network security control are appropriately implemented to prevent cyber attacks.</p> <p>5. Verified the key report extraction process from the Application front end and Database (back end) to check the completeness and accuracy of the reports.</p>

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report *(Contd...)*

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation

Independent Auditors' Report (Contd...)

precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN : 22117812ALZELX2478

Place : Mumbai

Date : June 30, 2022

Independent Auditors' Report (Contd...)

To the Board of Trustees of HSBC Mutual Fund

HSBC Fixed Term Series 140

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Fixed Term Series 140** ("the Scheme"), which comprise the Balance Sheet as at March 31, 2022, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2022;
- b. in the case of the Revenue Account, of the net surplus for the Scheme for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for 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) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Valuation and existence of investments (Refer Note 2.2 to the financial statements):</p> <p>The investments held by the Scheme as at March 31, 2022 mainly comprises of Certificate of Deposits, Corporate Bonds/ Debentures and Zero Coupon Bonds.</p> <p>The investments form the most significant component of the Balance Sheet and accurate valuation of investments is critical to the accurate computation of net asset value. Hence, the valuation and existence of the portfolio of investments is considered as a Key Audit Matter.</p> <p>Valuation of investments is required to be in compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and the Board of Directors of HSBC Asset Management (India) Private Limited, and in compliance with the SEBI Regulations and Guidelines.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Obtained an understanding of the key controls over valuation and existence of investments and assessed the operating effectiveness of such controls. 2. Verified the valuation of the investments by testing the compliance with the Valuation Policy, as approved by the Board of Trustees of HSBC Mutual Fund and Board of Directors of HSBC Asset Management (India) Private Limited, and compliance with SEBI Regulations and Guidelines and by comparing the investment valuation from prices obtained from following sources: <ul style="list-style-type: none"> • security level prices received from agencies approved by Association of Mutual Fund in India (the "AMFI").

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<ol style="list-style-type: none"> 3. Assessed and verified the provisions required as per SEBI Regulations and Guidelines on below investment grade securities or default securities, if any. 4. Verified the existence of the investments by obtaining and reconciling the direct confirmations of the holdings from the Custodian of the Scheme. 5. Verified the holdings as per above confirmations with the Scheme's accounting records. We have reviewed the reconciliation for the cases where differences were observed, if any. 6. Assessed that the disclosures in the financial statements are in accordance with the SEBI Regulations.
2	<p>Information Technology (IT) System:</p> <p>The reliability of Information Technology ('IT') systems plays a key role in the business operations of Mutual fund. Since large volume of transactions are processed, the IT controls are required to ensure that systems process data as expected and that changes are made in an appropriate manner.</p> <p>The audit approach relies extensively automated controls and therefore on the effectiveness of controls over IT Systems. Accordingly, our Audit was focused on Key IT Systems and controls due to pervasive impact on the financial statements.</p> <p>The control over IT Systems and operating effectiveness thereof at investment operations, fund accountant and registrar & transfer agents of the Fund is considered as a Key Audit Matter as the scheme is highly dependent on technology due to the significant number of transactions that are processed daily, and discrete IT Systems used.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Involved our IT specialists to obtain an understanding of the IT-related control environment at investment operations, fund accountant and registrar & transfer agents of the Fund (together referred to as "Entity"). Further conducted an assessment and identified key IT assessment and identified key IT Applications, databases and operating systems that are relevant to our audit and have identified key applications relevant for financial reporting. 2. Obtained an understanding of the Entity's IT Control environment and key changes during the audit period that may be relevant to the audit. 3. Verified application Access management control, Change management control, Admin access control, Database administration control, Backup management, Restoration control and Network operations for important IT systems related to financial reporting 4. The Entity's General IT Controls over the core IT systems that are key to financial reporting were tested for design effectiveness and operating effectiveness. <ol style="list-style-type: none"> a) Access Management: <p>This included a review of the entity's controls to see if access rights were granted/modified based on properly approved requests, whether access for exit cases was revoked in a timely manner, and whether all users' access was examined throughout the audit period.</p>

Independent Auditors' Report (Contd...)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		<p>b) Change Management: This included a review of the entity's controls to see if the change was implemented to the application based on properly approved requests, whether the application has appropriate segregation of environment, and whether appropriate users' have access to implement change in the application.</p> <p>c) Backup Management and Restoration: This included a review of the entity's controls to see if the backup configuration and data backups were taken as per the documented backup policy, and whether appropriate restoration was done during the audit period.</p> <p>d) Incident Management: This included a review of the entity's controls to see incidents raised during the audit period are resolved in a timely manner.</p> <p>e) Network security: This included a review of the entity's controls to see if Network security control are appropriately implemented to prevent cyber attacks.</p> <p>5. Verified the key report extraction process from the Application front end and Database (back end) to check the completeness and accuracy of the reports.</p>

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 Trustees of HSBC Mutual Fund (the "Trustees") (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.

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, and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. 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

Independent Auditors' Report *(Contd...)*

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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 is 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 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation

Independent Auditors' Report *(Contd...)*

precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

The financial statements of the Scheme for the year ended March 31, 2021, were audited by another auditor whose report dated July 20, 2021, expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii) 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 Ninth Schedule to the SEBI Regulations; and
 - c. the Balance Sheet, the Revenue Account, and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities, if any, as at March 31, 2022, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN : 22117812ALZFW56557

Place : Mumbai

Date : June 30, 2022

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 137	
		As at	As at
		March 31, 2022	March 31, 2021
LIABILITIES			
1	Unit Capital	5,873.59	5,873.59
2	Reserves & Surplus		
2.1	Unit Premium Reserves	-	-
2.2	Unrealised Appreciation Reserve	0.13	179.92
2.3	Other Reserves	1,598.33	1,118.59
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions		
4.1	Provision for Doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	4.89	3.57
TOTAL		7,476.94	7,175.67
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	-	-
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	3,182.73	5,813.83
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	-	603.69
1.5	Treasury Bills	-	115.68
1.6	Commercial Paper	-	-
1.7	Certificate of Deposits	873.52	298.11
1.8	Bill Rediscounting	-	-
1.9	Units of Domestic Mutual Fund	-	-
1.10	Foreign Securities	-	-
Total Investments		4,056.25	6,831.31
2	Deposits	16.00	0.10
3	Other Current Assets		
3.1	Cash & Bank Balance	1.05	0.03
3.2	TREPS/Reverse Repo Lending	3,188.76	166.28
3.3	Others	214.88	177.95
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL		7,476.94	7,175.67

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 137	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	-	-
1.2	Interest	550.07	542.86
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	(38.58)	(4.02)
1.6	Realised Gains / (Losses) on Derivative Transactions	-	-
1.7	Other Income	-	0.01
	(A)	511.49	538.85
2	EXPENSES		
2.1	Investment Management Fees	9.05	9.16
2.2	GST on Investment Management Fees	1.63	1.65
2.3	Transfer Agents Fees and Expenses	0.91	0.78
2.4	Custodian Fees	0.27	0.27
2.5	Trusteeship Fees	0.13	-
2.6	Commission to Agents	6.90	6.56
2.7	Marketing & Distribution Expenses	0.10	-
2.8	Audit Fees	0.20	0.20
2.9	Investor Education Expenses	1.47	1.39
2.10	Interest on Borrowing	-	-
2.11	Other Operating Expenses	0.40	0.19
	(B)	21.06	20.20
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	490.43	518.65
4	Change in Unrealised Depreciation in Value of Investments	(10.69)	-
	(D)		
5	NET GAINS / (LOSSES) FOR THE YEAR	479.74	518.65
	(E = C + D)		
6	Change in Unrealised Appreciation in Value of Investments	(179.79)	65.55
	(F)		
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	299.95	584.20
	(G = E + F)		
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	179.79	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	-	(65.55)
7.3	Add / (Less) : Equalisation	-	-
7.4	Transfer from Reserve Fund	1,118.59	599.94
7.5	Transfer from Unit Premium Reserve	-	-
8	Total	1,598.33	1,118.59
9	Dividend Appropriation		
9.1	Income Distributed during the Year	-	-
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	1,598.33	1,118.59

Key Statistics for the year ended March 31, 2022

HSBC FIXED TERM SERIES 137		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	12.1877	11.2046
IDCW Option	12.1877	11.2046
Direct Plan - Growth Option	12.2594	11.2404
Direct Plan - IDCW Option	12.2594	11.2404
High		
Growth Option	12.6864	12.1877
IDCW Option	12.6864	12.1877
Direct Plan - Growth Option	12.7951	12.2594
Direct Plan - IDCW Option	12.7951	12.2594
Low		
Growth Option	12.1945	11.1571
IDCW Option	12.1945	11.1571
Direct Plan - Growth Option	12.2667	11.1934
Direct Plan - IDCW Option	12.2667	11.1934
End		
Growth Option	12.6864	12.1877
IDCW Option	12.6864	12.1877
Direct Plan - Growth Option	12.7951	12.2594
Direct Plan - IDCW Option	12.7951	12.2594
2. Closing Assets Under Management (Rs. in Lakhs)		
End	7,472	7,172
Average (AAuM) ¹	7,332	6,951
3. Gross income as % of AAuM ²		
	6.98%	7.75%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Growth Option	0.37%	0.38%
Direct Plan - Growth Option	0.11%	0.11%
b. Management Fee as % of AAuM (planwise)		
Regular Growth Option	0.16%	0.17%
Direct Plan - Growth Option	0.05%	0.06%
5. Net Income as a percentage of AAuM ³		
	6.69%	7.46%
6. Portfolio turnover ratio ⁴		
	-	-
7. Total Dividend per unit distributed during the period (planwise):		
Retail		
Regular IDCW Option	-	-
Direct Plan - IDCW Option	-	-

Key Statistics for the year ended March 31, 2022 (Contd...)

		HSBC FIXED TERM SERIES 137	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate			
	Regular IDCW Option	-	-
	Direct Plan - IDCW Option	-	-
8.	Returns (%):		
	a. Last One Year		
	Scheme		
	Regular Growth Option	4.0918	8.7700
	Direct Plan - Growth Option	4.3697	9.0700
	Benchmark		
	CRISIL Composite Bond Fund Index	4.4759	7.6900
	b. Since Inception		
	Scheme		
	Regular Growth Option	7.7192	9.4100
	Direct Plan - Growth Option	8.0068	9.7000
	Benchmark		
	CRISIL Composite Bond Fund Index	8.4108	10.2500

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 period

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

HSBC FIXED TERM SERIES 137

1 Investments:-

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years and percentages to net assets are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed/ Awaiting Listing				
– Appreciation	146,978	0.02	17,566,633	2.35
– Depreciation	1,215,998	0.16	–	–
Government of India Securities				
– Appreciation	–	–	414,829	0.06
– Depreciation	–	–	–	–
Certificate of Deposit				
– Appreciation	13,067	~0.00	7,295	~0.00
– Depreciation	–	–	–	–
Treasury Bills				
– Appreciation	–	–	3,206	~0.00
– Depreciation	–	–	–	–

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 127,868,327 and Rs. 399,500,000 respectively being 17.44% and 54.49% of the average daily net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 51,427,104 and Rs. 150,00,000 respectively being 7.40% and 2.16% of the average daily net assets.

- 1.8. Non-traded securities in the portfolio: Aggregate value of Equity, Debt & Money Market Instruments and percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	318,273,227	42.60%	519,338,483	69.50%
Money Market Instruments	–	–	29,811,330	3.99%
Total	318,273,227	42.60%	549,149,813	73.49%

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	–	–	649,448	94.67

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

The Hongkong and Shanghai Banking Corporation Limited	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	–	–	517,760	86.50

Brokerage paid to Sponsor / AMC and its associates / related parties / group companies is NIL (Previous year also NIL).

- (i) Any underwriting obligations undertaken by the Schemes of the mutual funds with respect to issue of securities associate companies - NIL (Previous year - NIL).
- (ii) Devolvement - NIL (Previous year also NIL).
- (iii) Subscription by the Schemes in the issues lead managed by associate companies - NIL (Previous year also NIL).

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - NIL (Previous year also NIL)
- 3 None of the Investors held more than 25% of the total net assets of the Scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 & March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	39,813,232.391	–	–	39,813,232.391	10
IDCW Option	10,000.000	–	–	10,000.000	10
Direct Plan - Growth Option	18,911,650.070	–	–	18,911,650.070	10
Direct Plan - IDCW Option	1,000.000	–	–	1,000.000	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	39,813,232.391	–	–	39,813,232.391	10
IDCW Option	10,000.000	–	–	10,000.000	10
Direct Plan - Growth Option	18,911,650.070	–	–	18,911,650.070	10
Direct Plan - IDCW Option	1,000.000	–	–	1,000.000	10

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the year ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income NIL. (2021: Rs. 814/- represents Penal Interest received from Bank towards delay of RTGS/ NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount	Amount
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI*	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual)*	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

11 Risk-o-meter Disclosure

Scheme Name	Risk-o-meter level as on March 31, 2021 [^]	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year [^] (April 2021 to March 2022)
HSBC Fixed Term Series 137	Low to Moderate	Low to Moderate	0

[^]From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger / consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals .
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 139	
		As at	As at
		March 31, 2022	March 31, 2021
LIABILITIES			
1	Unit Capital	4,282.68	4,282.68
2	Reserves & Surplus		
2.1	Unit Premium Reserves	-	-
2.2	Unrealised Appreciation Reserve	1.25	140.84
2.3	Other Reserves	1,107.29	760.07
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions		
4.1	Provision for Doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	3.86	2.83
TOTAL		5,395.08	5,186.42
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	-	-
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	2,114.48	4,379.70
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	-	362.94
1.5	Treasury Bills	-	231.36
1.6	Commercial Paper	-	-
1.7	Certificate of Deposits	623.94	-
1.8	Bill Rediscounting	-	-
1.9	Units of Domestic Mutual Fund	-	-
1.10	Foreign Securities	-	-
Total Investments		2,738.42	4,974.00
2	Deposits	12.75	0.14
3	Other Current Assets		
3.1	Cash & Bank Balance	0.08	0.02
3.2	TREPS/Reverse Repo Lending	2,508.48	103.35
3.3	Others	135.35	108.91
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL		5,395.08	5,186.42

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 139	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	-	-
1.2	Interest	392.77	390.03
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	(28.62)	(1.35)
1.6	Realised Gains/(Losses) on Derivative Transactions	-	-
1.7	Other Income	-	0.01
	(A)	364.15	388.69
2	EXPENSES		
2.1	Investment Management Fees	7.10	7.18
2.2	GST on Investment Management Fees	1.28	1.29
2.3	Transfer Agents Fees and Expenses	0.69	0.56
2.4	Custodian Fees	0.20	0.21
2.5	Trusteeship Fees	0.10	-
2.6	Commission to Agents	5.90	5.63
2.7	Marketing & Distribution Expenses	0.05	-
2.8	Audit Fees	0.20	0.20
2.9	Investor Education Expenses	1.06	1.01
2.10	Interest on Borrowing	-	-
2.11	Other Operating Expenses	0.35	0.17
	(B)	16.93	16.25
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	347.22	372.44
4	Change in Unrealised Depreciation in Value of Investments	(D)	-
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	347.22	372.44
6	Change in Unrealised Appreciation in Value of Investments	(F)	(139.59)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	207.63	413.11
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	139.59	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	-	(40.67)
7.3	Add/(Less) : Equalisation	-	-
7.4	Transfer from Reserve Fund	760.07	387.63
7.5	Transfer from Unit Premium Reserve	-	-
8	Total	1,107.29	760.07
9	Dividend Appropriation		
9.1	Income Distributed during the Year	-	-
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	1,107.29	760.07

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

HSBC FIXED TERM SERIES 139		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	12.0900	11.1325
IDCW Option	12.0900	11.1325
Direct Plan - Growth Option	12.1579	11.1651
Direct Plan - IDCW Option	12.1579	11.1651
High		
Growth Option	12.5676	12.0900
IDCW Option	12.5676	12.0900
Direct Plan - Growth Option	12.6718	12.1579
Direct Plan - IDCW Option	12.6718	12.1579
Low		
Growth Option	12.0964	11.0865
IDCW Option	12.0964	11.0865
Direct Plan - Growth Option	12.1648	11.1196
Direct Plan - IDCW Option	12.1648	11.1196
End		
Growth Option	12.5676	12.0900
IDCW Option	12.5676	12.0900
Direct Plan - Growth Option	12.6718	12.1579
Direct Plan - IDCW Option	12.6718	12.1579
2. Closing Assets Under Management (Rs. in Lakhs)		
End	5,391	5,184
Average (AAuM) ¹	5,293	5,026
3. Gross income as % of AAuM ²	6.88%	7.73%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees)(planwise)		
Regular Growth Option	0.37%	0.38%
Direct Plan - Growth Option	0.11%	0.11%
b. Management Fee as % of AAuM (planwise)		
Regular Growth Option	0.16%	0.16%
Direct Plan - Growth Option	0.05%	0.06%
5. Net Income as a percentage of AAuM ³	6.56%	7.41%
6. Portfolio turnover ratio ⁴	-	-
7. Total Dividend per unit distributed during the period (planwise):		
Retail		
Regular IDCW Option	-	-
Direct Plan - IDCW Option	-	-

Key Statistics for the year ended March 31, 2022 (Contd...)

		HSBC FIXED TERM SERIES 139	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate			
	Regular IDCW Option	-	-
	Direct Plan - IDCW Option	-	-
8.	Returns (%):		
	a. Last One Year		
	Scheme		
	Regular Growth Option	3.9504	8.6000
	Direct Plan - Growth Option	4.2269	8.8900
	Benchmark		
	CRISIL Composite Bond Fund Index	4.4759	7.6900
	b. Since Inception		
	Scheme		
	Regular Growth Option	7.6683	9.4900
	Direct Plan - Growth Option	7.9561	9.7800
	Benchmark		
	CRISIL Composite Bond Fund Index	8.5551	10.5600

^{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 period

^{4.} Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

HSBC FIXED TERM SERIES 139

1 Investments:-

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and March 31, 2021 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial years and percentages to net assets are as under :

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed/ Awaiting Listing				
– Appreciation	240,091	0.04	13,449,046	2.49
– Depreciation	124,750	0.02	–	–
Government of India Securities				
– Appreciation	–	–	628,677	0.12
– Depreciation	–	–	–	~0.00
Treasury Bills				
– Appreciation	–	–	6,413	~0.00
– Depreciation	–	–	–	–
Certificate of Deposit				
– Appreciation	9,334	~0.00	–	–
– Depreciation	–	–	–	–

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 67,139,336 and Rs. 284,000,000 respectively being 12.68% and 53.66% of the average daily net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 43,526,090 and Rs. 50,00,000 respectively being 8.66% and 0.99% of the average daily net assets.

- 1.8. Non-traded securities in the portfolio: Aggregate value of Equity, Debt & Money Market Instruments and percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	211,447,682	39.22%	375,875,406	69.72%
Total	211,447,682	39.22%	375,875,406	69.72%

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	-	-	583,798.90	99.47

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	2.39	100.00	467,476.67	90.92

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL (Previous year also NIL).

- Any underwriting obligations undertaken by the Schemes of the mutual funds with respect to issue of securities associate companies - NIL (Previous year - NIL).
- Devolvement - NIL (Previous year also NIL).
- Subscription by the Schemes in the issues lead managed by associate companies - NIL (Previous year also NIL).
- Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - NIL (Previous year also NIL).

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- 3 None of the Investors held more than 25% of the total net assets of the Scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 & March 31, 2021:

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	33,879,441.186	–	–	33,879,441.186	10
IDCW Option	378,142.772	–	–	378,142.772	10
Direct Plan - Growth Option	8,567,700.000	–	–	8,567,700.000	10
Direct Plan - IDCW Option	1,500.000	–	–	1,500.000	10

Description	2020-2021				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option	33,879,441.186	–	–	33,879,441.186	10
IDCW Option	378,142.772	–	–	378,142.772	10
Direct Plan - Growth Option	8,567,700.000	–	–	8,567,700.000	10
Direct Plan - IDCW Option	1,500.000	–	–	1,500.000	10

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the years ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income NIL. (2021: Rs. 589/- represents Penal Interest received from Bank towards delay of RTGS/NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount (in Rs. Lacs)	Amount (in Rs. Lacs)
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI*	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual)*	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.

11 Risk-o-meter Disclosure

Scheme Name	Risk-o-meter level as on March 31, 2021 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Fixed Term Series 139	Low to Moderate	Low to Moderate	0

^ From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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.
- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 140	
		As at	As at
		March 31, 2022	March 31, 2021
LIABILITIES			
1	Unit Capital	3,849.88	3,849.88
2	Reserves & Surplus		
2.1	Unit Premium Reserves	-	-
2.2	Unrealised Appreciation Reserve	4.75	128.85
2.3	Other Reserves	935.49	618.66
3	Loans & Borrowings	-	-
4	Current Liabilities & Provisions		
4.1	Provision for Doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	3.33	2.82
TOTAL		4,793.45	4,600.21
ASSETS			
1	Investments		
1.1	Listed Securities:		
1.1.1	Equity Shares	-	-
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	2,958.08	3,980.97
1.1.5	Securitised Debt Securities	-	-
1.2	Securities Awaiting 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	322.39	336.37
1.5	Treasury Bills	-	134.96
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		3,280.47	4,452.30
2	Deposits	7.00	0.05
3	Other Current Assets		
3.1	Cash & Bank Balance	0.05	0.02
3.2	TREPS / Reverse Repo Lending	1,376.88	14.36
3.3	Others	129.05	133.48
4	Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL		4,793.45	4,600.21

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2022

Rs. in Lakhs

		HSBC FIXED TERM SERIES 140	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1	INCOME		
1.1	Dividend	-	-
1.2	Interest	350.75	341.65
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	(7.68)	(0.02)
1.6	Realised Gains/(Losses) on Derivative Transactions	-	-
1.7	Other Income	-	0.01
	(A)	343.07	341.64
2	EXPENSES		
2.1	Investment Management Fees	6.27	6.15
2.2	GST on Investment Management Fees	1.13	1.11
2.3	Transfer Agents Fees and Expenses	0.51	0.50
2.4	Custodian Fees	0.18	0.18
2.5	Trusteeship Fees	0.09	-
2.6	Commission to Agents	5.22	4.96
2.7	Marketing & Distribution Expenses	-	-
2.8	Audit Fees	0.20	0.20
2.9	Investor Education Expenses	0.94	0.89
2.10	Interest on Borrowing	-	-
2.11	Other Operating Expenses	0.31	0.16
	(B)	14.85	14.15
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	328.22	327.49
4	Change in Unrealised Depreciation in Value of Investments	(D)	-
		(11.39)	-
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	316.83	327.49
6	Change in Unrealised Appreciation in Value of Investments	(F)	52.36
		(124.10)	52.36
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	192.73	379.85
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	124.10	-
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	-	(52.36)
7.3	Add/(Less) : Equalisation	-	-
7.4	Transfer from Reserve Fund	618.66	291.17
7.5	Transfer from Unit Premium Reserve	-	-
8	Total	935.49	618.66
9	Dividend Appropriation		
9.1	Income Distributed during the Year	-	-
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	935.49	618.66

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2022

HSBC FIXED TERM SERIES 140		
	Current Year ended March 31, 2022	Previous Year ended March 31, 2021
1. NAV per unit (Rs.):		
Open		
Growth Option	11.9284	10.9491
IDCW Option	11.9284	10.9491
Direct Plan - Growth Option	11.9903	10.9765
Direct Plan - IDCW Option	11.9903	10.9765
High		
Growth Option	12.4213	11.9284
IDCW Option	12.4213	11.9284
Direct Plan - Growth Option	12.5190	11.9903
Direct Plan - IDCW Option	12.5190	11.9903
Low		
Growth Option	11.9374	10.9004
IDCW Option	11.9374	10.9004
Direct Plan - Growth Option	11.9997	10.9283
Direct Plan - IDCW Option	11.9997	10.9283
End		
Growth Option	12.4213	11.9284
IDCW Option	12.4213	11.9284
Direct Plan - Growth Option	12.5190	11.9903
Direct Plan - IDCW Option	12.5190	11.9903
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4,790	4,597
Average (AAuM) ¹	4,700	4,453
3. Gross income as % of AAuM ^{2*}	7.30%	7.67%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees (planwise))		
Growth Option	0.37%	0.38%
Direct Plan - Growth Option	0.11%	0.11%
b. Management Fee as % of AAuM (planwise)		
Growth Option	0.16%	0.16%
Direct Plan - Growth Option	0.05%	0.05%
5. Net Income as a percentage of AAuM ^{3*}	6.98%	7.35%
6. Portfolio turnover ratio ⁴	-	-
7. Total Dividend per unit distributed during the period (planwise):		
Retail		
IDCW Option	-	-
Direct Plan - IDCW Option	-	-

Key Statistics for the year ended March 31, 2022 (Contd...)

		HSBC FIXED TERM SERIES 140	
		Current Year ended March 31, 2022	Previous Year ended March 31, 2021
Corporate			
	IDCW Option	-	-
	Direct Plan - IDCW Option	-	-
8.	Returns (%):		
	a. Last One Year		
	Scheme		
	Growth Option	4.1322	8.9400
	Direct Plan - Growth Option	4.4094	9.2400
	Benchmark		
	CRISIL Composite Bond Fund Index	4.4759	7.6900
	b. Since Inception		
	Scheme		
	Growth Option	7.6769	9.5600
	Direct Plan - Growth Option	7.9650	9.8500
	Benchmark		
	CRISIL Composite Bond Fund Index	8.4556	10.5800

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 period

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

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

HSBC FIXED TERM SERIES 140

1 Investments:-

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets as of years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.3. Investments in Associates and Group Companies:

(Rupees)

Issuer	Instrument Type	Amount	Aggregate Investments by all schemes	Amount	Aggregate Investments by all schemes
		2022		2021	
Balrampur Chini Mills Ltd.	Equities	–	–	–	56,482,738
Bharti Airtel Ltd.	Equities	–	–	–	470,907,573
Max Financial Services Ltd.	Equities	–	–	–	172,035,228

- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the years ended March 31, 2022 and March 31, 2021 are NIL.
- 1.5. Investment in below investment grade and default/Securities in default beyond its maturity date as on March 31, 2022 and as on March 31, 2021 is NIL.
- 1.6. Aggregate Unrealised Gain/(Loss) as at the end of the financial years and percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Non Convertible Debentures and Bonds Listed/ Awaiting Listing				
– Appreciation	484,683	0.10	12,622,447	2.64
– Depreciation	9,933	~0.00	–	–
Government of India Securities				
– Appreciation	–	–	258,923	0.05
– Depreciation	1,139,278	0.24	–	–
Treasury Bills				
– Appreciation	–	–	3,741	~0.00
– Depreciation	–	–	–	–

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2021-2022 (excluding accretion of discount) is Rs. 10,218,789 and Rs. 124,000,000 respectively being 2.17% and 26.38% of the average daily net assets.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2020-2021 (excluding accretion of discount) is Rs. 33,889,761 and Rs. NIL respectively being 7.61% and NIL of the average daily net assets.

- 1.8. Non-traded securities in the portfolio: Aggregate value of Equity, Debt & Money Market Instruments and percentages to net assets are as under:

Security Category	Amount (Rupees)	Percentage to Net Assets	Amount (Rupees)	Percentage to Net Assets
	2022		2021	
Debt Instruments	295,807,641	61.75	330,661,961	69.03
Total	295,807,641	61.75	330,661,961	69.03

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

During the year 2021-22, 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 and clearing member charges on derivative transactions amounting to Rs. Nil.

During the year 2020-21, 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 and clearing member charges on derivative transactions 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 Crores)	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2021-2022	–	–	497,746.20	95.96

Name of Sponsor/ AMC and its associates/ related parties/ group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In Crores]	% of Total Business received by the Fund	Commission paid [Rupees]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Associate of the Investment Manager	2020-2021	2.36	97.59	396,871.81	87.72

Brokerage paid to Sponsor / AMC and its associates/related parties/group companies is NIL (Previous year also NIL).

- (i) Any underwriting obligations undertaken by the Schemes of the mutual funds with respect to issue of securities associate companies - NIL (Previous year - NIL).
- (ii) Devolvement - NIL (Previous year also NIL).
- (iii) Subscription by the Schemes in the issues lead managed by associate companies - NIL (Previous year also NIL).
- (iv) Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager - NIL (Previous year also NIL).

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- 3 None of the investors held more than 25% of the total net assets of the Scheme at the years ended March 31, 2022 and March 31, 2021.
- 4 Unit Capital movement during the years ended March 31, 2022 & March 31, 2021:

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	30,183,397.374	–	–	30,183,397.374	10
IDCW Option	65,800.000	–	–	65,800.000	10
Direct Plan - Growth Option	8,243,600.000	–	–	8,243,600.000	10
Direct Plan - IDCW Option	6,000.000	–	–	6,000.000	10

Description	2020-2021				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option	30,183,397.374	–	–	30,183,397.374	10
IDCW Option	65,800.000	–	–	65,800.000	10
Direct Plan - Growth Option	8,243,600.000	–	–	8,243,600.000	10
Direct Plan - IDCW Option	6,000.000	–	–	6,000.000	10

- 5 Previous year's figures have been re-grouped/re-arranged where appropriate.
- 6 No contingent liabilities for the year ended March 31, 2022 and March 31, 2021.
- 7 Expenses other than Management Fees and audit fees are Inclusive of GST where applicable.
- 8 Other income Nil. (2021: Rs. 522/- represents Penal Interest received from Bank towards delay of RTGS/NEFT).
- 9 **Investor Education Awareness**

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, 2022. The break-up of which is as under:

Particulars	March 31, 2022	March 31, 2021
	Amount (in Rs. Lacs)	Amount (in Rs. Lacs)
Opening Balance as on April 01, 2021	37,349,328	30,740,099
Add: Accrual during FY 2021-22	23,850,564	19,576,618
Less: Transferred to AMFI*	10,860,565	8,904,422
Less: Payable to AMFI (March 2022 accrual)*	1,064,717	883,888
Add: Investment Income FY 2021-22	1,563,449	1,193,716
Less: Spent during FY 2021-22	4,815,759	4,372,794
Closing Balance as on March 31, 2022	46,022,299	37,349,328

* In accordance with SEBI circular number SEBI/HO/IMD/DF2/RS/813/2016 dated January 8, 2016.

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2022

- 10 Following the spread of the coronavirus, on 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The identification of the virus as a new coronavirus, its subsequent spread and the situation of lock-down across India is considered as a significant event. HSBC Mutual Fund's operations are included in essential services and have continued through the lock-downs declared by the Government. Service providers like the Registrar and Transfer Agent, Custodian and Fund Accountant have carried out extensive arrangements to address business needs and continuity of operations. As on the date of signing of these financial statements, Management believes that it has taken into account, all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements and there appears to be no uncertainties relating to the going concern of any of the Schemes of the Fund for a foreseeable future. However, COVID-19 pandemic is an ongoing situation and any estimate of its impact is dependent on the future intensity, spread and duration of the situation. The Management will continue to closely monitor the situation for any material changes which may impact the Schemes of the Fund.
- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, 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 1, 2021.

12 Risk-o-meter Disclosure

Scheme Name	Risk-o-meter level as on March 31, 2021 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2022	Number of changes in Risk-o-meter during the financial year^ (April 2021 to March 2022)
HSBC Fixed Term Series 140	Low to Moderate	Low to Moderate	0

^ From the effective date (i.e. January 1, 2021) of SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020.

- 13 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.
- 14 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.
- 15 HSBC Asset Management (India) Private Limited (i.e. the asset management company of the HSBC Mutual Fund, ("HSBC AMC"), HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), i.e. the sponsor of the HSBC Mutual Fund, and the Board of Trustees of the HSBC Mutual Fund (the "HSBC Trustees") have entered into a transfer agreement dated 23 December 2021 with L&T Investment Management Limited (the "L&T AMC"), L&T Mutual Fund Trustee Limited (the "L&T Trustee"), that are the existing asset management company and trustee company of L&T Mutual Fund ("L&T MF"), respectively and L&T Finance Holdings Limited (the "Seller"), the existing sponsor of the L&T Mutual Fund, which, inter alia, provides for: (i) a change in the sponsorship, trusteeship, management and administration of the schemes of L&T Mutual Fund ("L&T MF Schemes") whereby HSCI will become the sponsor of the L&T MF Schemes, HSBC Trustees will become the trustee of the L&T MF Schemes and the HSBC AMC will have the rights to manage, operate and administer the L&T MF Schemes, amongst other changes related to L&T MF Schemes, which will be considered to be an integral part of the HSBC Mutual Fund; (ii) merger/consolidation of identified L&T MF Schemes with identified schemes of HSBC Mutual Fund or vice-versa; and (iii) the acquisition of the entire share capital of L&T AMC by the HSBC AMC and its nominees from the Seller. This transaction is subject to completion of customary condition precedents and regulatory approvals.
- 16 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and The Board of Trustees of HSBC Mutual Fund at their meetings held on June 29, 2022 and June 30, 2022 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 SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of SEBI guidelines 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 for the Financial Year 2021 – 22 is forming part of our full Annual Report for the Financial Year 2021 – 22 which is 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 Ltd (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. All information contained in this document (including that sourced from third parties), is obtained from sources HSBC and the third party which HSBC believes to be reliable however, has not independently verified the same. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable (if any) at the time of publication, which are subject to change from time to time.

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

Important Updates

Link your PAN to your Aadhaar Card

Please note as per regulatory requirement, PAN-Aadhaar linking is mandatory with effect from October 1, 2021. We request you to ensure PAN-Aadhaar linking is completed for all the holders in the folio (including guardian in case of minor) in order to avoid any disruption in financial and non-financial transactions.

To check the PAN-Aadhaar linking status of your PAN visit the following link:

<https://eportal.incometax.gov.in/iec/fooservices/#!/pre-login/bl-link-aadhaar>

Useful Links for self service options

- **To Invest online or Update your Bank details or Nominee**
visit: <https://invest.assetmanagement.hsbc.co.in>
- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request**
visit: <https://invest.assetmanagement.hsbc.co.in>
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visit: <https://new.camsonline.com>

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*The password length must be 6 characters, and must contain atleast 2 numbers and 2 alphabets.

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HSBC MUTUAL FUND - INVESTOR SERVICE CENTRES:

City	Address
Ahmedabad	Mardia Plaza, C. G. Road, Ahmedabad - 380 006.
Bengaluru	No. 7, HSBC Centre, M. G. Road, Bengaluru - 560 001.
Chandigarh	SCO 1, Sector 9 D, Chandigarh - 160 017.
Chennai	No. 30, 2nd Floor, Rajaji Salai, Chennai - 600 001.
Hyderabad	6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
Kolkata	31, BBD Bagh, Dalhousie Square, Kolkata - 700 001.
Mumbai	16, Veer Nariman Road, Fort, Mumbai - 400 001.
New Delhi	Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
Pune	Amar Avinash Corporate City, Sector No.11, Bund Garden Road, Pune - 411 001.

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