

HSBC Mutual Fund
SCHEME INFORMATION DOCUMENT

HSBC Brazil Equity Fund (HBEF)
An open-ended fund of funds scheme

Offer of Units of Rs. 10/- each during the New Fund Offer Period and at NAV based prices during the
Continuous offer for units

New Fund Offer Opens on: _____ 2010

New Fund Offer Closes on: _____ 2010

Scheme re-opens on: _____ 2010

HSBC MUTUAL FUND

ASSET MANAGEMENT COMPANY

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TRUSTEE

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The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996 (hereinafter referred to as SEBI (MF) Regulations), as amended till date, and filed with Securities and Exchange Board of India (SEBI) alongwith a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

Investors in the Scheme are not being offered any guaranteed / assured returns.

Investors are advised to consult their Legal /Tax and other Professional Advisors in regard to tax/legal implications relating to their investments in the Scheme and before making decision to invest in or redeem the Units.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of HSBC Mutual Fund, Tax and Legal issues and general information on www.assetmanagement.hsbc.com/in.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to www.assetmanagement.hsbc.com/in.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated _____2010.

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HIGHLIGHTS/ SUMMARY OF THE SCHEME

Name of the Scheme	HSBC Brazil Equity Fund
Type of Scheme	An open-ended fund of funds scheme
Investment Objective	The primary investment objective of the scheme is to provide long term capital appreciation by investing predominantly in units / shares of 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 fund 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.
Liquidity	Being open ended Scheme(s), units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load, if any. The Fund will, under normal circumstances, endeavour to dispatch redemption proceeds within 7 Business Days.
Benchmark Index	MSCI Brazil 10/40 Index
Transparency/ NAV Disclosure	<p>The AMC will calculate and disclose the first NAV of the Scheme within a period of 30 days from the closure of the NFO Period. Subsequently, the AMC will calculate and disclose the NAVs of the Scheme at the close of every Business Day. NAV of the Scheme / Option(s) shall be made available at all Investor Service Centres of the AMC. The AMC shall have the NAV published in two daily newspapers. The AMC shall update the NAVs on the website of the Fund www.assetmanagement.hsbc.com/in and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) latest by 10.00 a.m. on the next Business Day, due to differences in the time zones. In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of Business Hours on the following day due to any reason, the Fund shall issue a press release giving reasons and explaining when the Fund would be able to publish the NAVs. The NAV of the scheme will be determined on every Business Day, except under special circumstances specified in this Scheme Information Document.</p> <p>As presently required by the SEBI (MF) Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in one English daily circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, within 1 month from the close of each half year (i.e. 31 March and 30 September) or mailed to the Unitholders.</p>
Load structure	<p>Entry Load* – Nil</p> <p>Exit Load** - 1% if redeemed /switched out within 1 year from the date of investment. Otherwise Nil.</p> <p>No load in case of switches between equity Schemes of HSBC Mutual Fund.</p> <p>* In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors assessment of various factors including the service rendered by the distributors.</p>

	** Pursuant to SEBI circular no. SEBI / IMD / CIR No. 6 /172445/ 2009 dated August 7, 2009 and SEBI circular no. SEBI / IMD / CIR No. 7 /173650 / 2009 dated August 17, 2009, in order to have parity among all classes of unit holders, no distinction among unit holders shall be made based on the amount of subscription while charging exit load and further such parity shall be made applicable at the portfolio level respectively.
Option(s) / Sub-option(s)	Growth & Dividend (Re-investment & Payout) Option
Minimum Application Amount	Rs. 10,000 and in multiples of Re. 1/- thereafter
Minimum Additional Investment Amount	Rs. 1,000/- and in multiples of Re. 1/- thereafter.
Minimum Redemption Amount	Rs. 1,000/- and in multiples of Re. 1/- thereafter.
Dividend	Declaration of dividend and its frequency will inter alia depend upon the distributable surplus. Dividend may be declared from time to time at the discretion of the Trustees.
Temporary suspension of subscription	The AMC/Trustee reserves the right to temporarily suspend subscriptions in/switches into the Scheme or the subsequent installments of HSBC SIP /HSBC STP / HSBC SIP Plus will be stopped from the month in which the subscriptions exceed the maximum permissible limits prescribed by SEBI for overseas investments as mentioned under the heading on "Policy on Offshore Investments by the Scheme(s) and the Plan(s) thereunder" of this Scheme Information Document (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn).

SECTION I

INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- Investments in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuate, the value of your investment in the scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- HBEF is the name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Scheme beyond the initial contribution of Rs 1,00,000 (Rupees One Lakh only) made by it towards setting up the Mutual Fund. The associates of the sponsor are not responsible or liable for any loss or shortfall resulting from the operation of the scheme.
- The present scheme is not a guaranteed or assured return
- Mutual funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors which impact the value of the Schemes' investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
- Investment decisions made by the AMC may not always be profitable.

Scheme Specific Risk Factors

- 1 The Scheme will be investing predominantly in units /shares of 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 fund 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. Hence the Scheme's performance may depend upon the performance of the underlying fund. Any change in the investment policy or the fundamental attributes of the underlying fund will affect the performance of the Scheme.
- 1 Investments in the underlying fund, which is an equity fund, will have all the risks associated with investments in equity and the offshore markets.
- 1 As the business day for the Scheme is defined as any day on which the underlying fund is open for transactions, if underlying fund declares any day as a non-business day, AMC will also declare that day as a non business day. However, if this information is received by the AMC from underlying fund later in the day and the scheme has already accepted transactions; such transactions will be processed on the next business day.
- 1 The portfolio disclosure of the Scheme will be largely limited to the investments made by the Scheme.

Risk Factors associated with Money Markets

- Investments in money market instruments would involve a moderate credit risk i.e. risk of an issuer's liability to meet the principal payments.
- Money market instruments may also be subject to price volatility due to factors such as changes in interest rates, general level of market liquidity and market perception of credit worthiness of the issuer of such instruments.

- The NAV of the Scheme's Units, to the extent that the corpus of the Scheme is invested in money market instruments, will be affected by the changes in the level of interest rates. When interest rates in the market rise, the value of a portfolio of money market instruments can be expected to decline.

Risk Factors for Underlying Fund (HGIF Brazil Equity Fund)

- 1 Market Risk: The underlying fund's investments are subject to the risks inherent in all investments in Securities i.e. the value of holdings may fall as well as rise. As the underlying fund invests primarily in equities, investors are exposed to stock market fluctuations and the financial performance of the companies held in the underlying fund's portfolio.
- 1 **Currency Risk:** As the Fund will invest in securities which are denominated in foreign currencies (e.g. US Dollars), fluctuations in the exchange rates of these foreign currencies may have an impact on the income and value of the fund. The assets in which the underlying fund is invested and the income from the assets will or may be quoted in currencies which are different from the underlying fund's base currency. The performance of the underlying fund will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the underlying funds' base currency and hence there can be the prospect of additional loss or the prospect of additional gain to the investors greater than the usual risks of investment. The performance of the underlying fund may also be affected by changes in exchange control regulations.
- 1 Hedging risk – The investment manager to the underlying fund is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve the desired result.
- 1 Country Risk: As the portfolio will invest primarily in a well diversified portfolio of investments in equity and equity equivalent securities of companies which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of Brazil, as well as those companies which carry out a preponderant part of their business activities in Brazil., the portfolio shall be exposed to the political, economic and social risks with respect to Brazil.
- 1 Liquidity Risk: Investors should be aware that the investments of the underlying fund being primarily in the Brazilian market, its stocks can be negatively impacted by low liquidity, poor transparency and greater financial risks. Investments in products relating to Brazilian market may also become illiquid which may constrain the ability of the investment manager to the underlying fund to realize some or all of the portfolio. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges.
- 1 Legal, tax and regulatory risk – The underlying fund could be exposed to changes in legal, tax and regulatory regime which may adversely affect it and the investors. Such changes could also have retrospective effect and could lead to additional taxation imposed on the fund which was not contemplated either when investments were made, valued or disposed of.
- 1 Settlement Risks: The fund will be exposed to settlement risk, as Brazil may have different settlement periods and the procedures may be different.
- 1 Emerging Market Risk: Brazil, being an emerging market, Investors are advised to consider carefully the special risks of investing in emerging market securities . Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may as a result of which trading of securities may cease or may be substantially curtailed and prices for a sub-fund's securities in such markets may not be readily available.

Sector Concentration Risk : The portfolio may have a high concentration in natural resources sector . Because these investments are limited to narrow segment of the economy , the performance of the fund could be sensitive to movements in these sectors.

Risks associated with Investing in Foreign Securities:

Offshore investments will be made subject to any / all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceiling of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

To the extent that the assets of the Scheme(s) will be invested in foreign securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS, if any

- 1 From time to time and subject to the Regulations, the Sponsor, their affiliates, associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Scheme. These entities may acquire a substantial portion of the Scheme Units and collectively constitute a major investor in the Scheme. Accordingly, redemption of Units held by such entities may have an adverse impact on the Scheme because the timing of such redemption may impact the ability of other Unitholders to redeem their Units.
- 1 As the liquidity of the Scheme investments could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme portfolio. In view of this, the Trustees have the right, in their sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled "Right to Limit Redemptions".
- 1 Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise.
- 1 The Scheme(s) at times may receive large number of redemption requests which may have an adverse impact on the performance of the Scheme(s) and may also affect all the unit holders as the fund manager needs to liquidate securities to meet the redemptions post which the portfolio is likely to be less liquid.
- 1 The tax benefits described in this Scheme Information Document are as available under the present taxation laws and are available subject to conditions. The information given is included for general

purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.

- 1 Neither this Scheme Information Document nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Scheme Information Document are required to inform themselves about, and to observe, any such restrictions.
- 1 Prospective investors should review / study this Scheme Information Document carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (sale, transfer, switch or conversion into money) of Units within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift Units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding Units before making an application for Units.
- 1 HSBC Mutual Fund / the AMC have not authorised any person to give any information or make any representations, either oral or written, not stated in this Scheme Information Document in connection with issue of Units under the Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this Scheme Information Document as the same have not been authorised by the Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this Scheme Information Document or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- 1 To the best of the knowledge and belief of the Trustees and the AMC, information contained in this Scheme Information Document is in accordance with the SEBI regulations and the facts stated herein are correct and this Scheme Information Document does not omit anything likely to have an impact on the importance of such information.

Interpretation

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this Scheme Information Document include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to "US\$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- The contents of the Scheme Information Document are applicable to all the Scheme(s) covered under this Scheme Information Document, unless specified otherwise.

D. DEFINITIONS

In this Scheme Information Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

ADRs and GDRs	<p>ADRs are negotiable certificates issued to represent a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. dollars.</p> <p>GDRs are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on an exchange of another country.</p>
Asset Management Company or AMC or Investment Manager	<p>HSBC Asset Management (India) Private Limited, incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as Investment Manager for the Schemes of HSBC Mutual Fund.</p>
Applicable NAV	<p>The Net Asset Value applicable for purchases / redemptions / switches etc., based on the Business Day and relevant cut-off times on which the application is accepted at an Investor Service Centre.</p>
Business Day	<p>A day other than (1) Saturday and Sunday and / or (2) a day on which The Bombay Stock Exchange Limited and/ or National Stock Exchange of India Limited and /or Reserve Bank of India and /or banks in Mumbai are closed and / or (3) a day on which there is no RBI clearing / settlement of securities and / or (4) a day on which The Bombay Stock Exchange Limited and/or National Stock Exchange of India Limited and/or any other overseas exchanges where the fund has a substantial investment and/or Reserve Bank of India and/or banks in Mumbai and/or banks in overseas markets where the fund has substantial investment are closed and /or (5) a day on which the sale and / or redemption and / or switches of Units is suspended by the Trustees / AMC and /or (6) a book closure period as may be announced by the Trustees / AMC and / or (7) A day on which the sale and repurchase the units of the overseas mutual fund, where the fund has a substantial investment, is suspended or closed and / or (8) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may determine from time to time.</p> <p>The AMC reserves the right to change the definition of Business Day(s). Provided that the days when the banks in any location where the AMC's Investor Service Centres are located, are closed due to a local holiday, such days will be treated as non Business Days at such centres for the purposes of accepting fresh subscriptions. However, if the Investor Service Centre in such locations is open on such local holidays, then redemption and switch requests will be accepted at those centres, provided it is a Business Day for the Scheme on an overall basis. Notwithstanding the above, the AMC may declare any day as a Business Day / Non Business Day.</p>
Custodian	<p>JP Morgan Chase Bank, Mumbai, registered under the SEBI (Custodian of Securities) Regulations, 1996, currently acting as global Custodian to the Scheme or any other custodian approved by the Trustees.</p>
Designated Collection Centre	<p>Such centres as may be designated by the AMC for collection of subscriptions and / or redemptions and / or switches in the Scheme.</p>
Depository	<p>Depository as defined in the Depositories Act, 1996</p>
Distributor	<p>Such persons / firms / companies / corporates as may be appointed by the AMC to distribute / sell / market the Schemes of the Fund.</p>
Dividend	<p>Income distributed by Scheme on the Units, where applicable.</p>

FII	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
Foreign Securities	ADRs / GDRs issued by Indian or Foreign companies, Equity of overseas companies listed on recognized stock exchanges overseas, Initial public offer (IPO) and Follow on public offerings (FPO) for listing at recognized stock exchanges overseas, Foreign debt securities in the countries with fully convertible currencies, with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos - only as pure investment avenues, where the counterparty is rated not below investment grade; also repos should not however, involve any borrowing of funds by mutual funds, Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade, Units/securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Units/securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets) or such other security/ instrument as stipulated by SEBI/RBI/ other Regulatory Authority from time to time.
Fund or Mutual Fund	HSBC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/046/02/5 dated May 27, 2002.
HBEF	HSBC Brazil Equity Fund
HSCI or Sponsor or Settlor	HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956.
New Fund Offer or NFO or New Fund Offer Period	Offer for purchase of Units of HSBC Brazil Equity Fund during the New Fund Offer Period.
Investment Management Agreement	The Agreement dated February 7, 2002 entered into between the Trustees of HSBC Mutual Fund and HSBC Asset Management (India) Private Limited as amended from time to time.
Investor Service Centres or ISC	Such offices as are designated as Investor Service Centres by the AMC from time to time.
Load	In case of repurchase / switch out of a Unit, the sum of money deducted from the applicable NAV on the repurchase / switch out (Exit Load) and in the case of sale / switch in of a Unit, a sum of money to be paid by the prospective investor on the sale / switch in of a Unit in addition to the applicable NAV (Entry Load).
NAV	Net Asset Value of the Units of the Scheme, Plan(s) (including Option(s) if any, therein) calculated in the manner provided in this Scheme Information Document or as may be prescribed by the Regulations from time to time.
Scheme Information Document	This document issued by HSBC Mutual Fund, Offering units of HSBC Brazil Equity Fund, a Scheme of HSBC Mutual Fund, for subscription.

RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
Registrar	Computer Age Management Services (P) Ltd. (CAMS), registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as Registrar to the Scheme or any other registrar appointed by the AMC from time to time.
Repo / Reverse repo	Sale / purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
Repurchase / Redemption	Repurchase / redemption of Units of the Scheme.
Sale / Subscription	Sale / subscription of Units of the Scheme.
Statement of Additional Information /SAI	The document issued by HSBC Mutual Fund containing details of HSBC Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document
Scheme	HSBC Brazil Equity Fund
SIP	Systematic Investment Plan
SEP	Systematic Encashment Plan
STP	Systematic Transfer Plan
SEBI	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations or Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or notifications issued by SEBI, the Government of India or RBI.
Switch	Sale of a Unit in one Scheme / Plan / Option against purchase of a Unit in another Scheme / Plan / Option.
Trustees	The Board of Trustees of HSBC Mutual Fund and approved by SEBI to act as the Trustees of the Schemes of the Fund or any other Trustee as may be appointed from time to time by the Sponsor and as approved by SEBI.
Trust Deed	The Trust Deed dated 7 February, 2002 made by and between the Sponsor and the Trustees establishing HSBC Mutual Fund, as amended from time to time.
Trust Fund	Amounts settled / contributed by the Sponsor towards the corpus of the HSBC Mutual Fund and additions / accretions thereto.
Unit	The interest of an investor which consists of one undivided share in the net assets of the Scheme.
Unitholder or Investor	A holder of Units in the Scheme of HSBC Mutual Fund offered under this Scheme Information Document.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

DUE DILIGENCE CERTIFICATE

It is confirmed that:

- i) The draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- ii) All legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid.

For HSBC Asset Management (India) Private Limited
(Investment Manager to HSBC Mutual Fund)

Sd/-
O.V. Ravi
Vice President & Head of Compliance

Place : Mumbai

Date : 18 February 2010

SECTION II

INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An open-ended fund of funds scheme

B. INVESTMENT OBJECTIVE

The primary investment objective of the scheme is to provide long term capital appreciation by investing predominantly in units / shares of 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 fund 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.

There can be no assurance that the investment objective of the Scheme will be realized.

C. ASSET ALLOCATION OF THE SCHEME

Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:

Instruments	Indicative Allocation (% of net assets)		Risk Profile
	Minimum	Maximum	
Units/Shares of HGIF Brazil Equity Fund or other similar overseas mutual fund schemes	80%	100%	Medium to High
Money Market instruments (including CBLO & reverse repo) and / or units of liquid mutual fund schemes	0%	20%	Low to Medium

HBEF will not invest in the underlying schemes which invest more than 10% of their net assets in unlisted equity shares or equity related instruments.

HGIF Brazil Equity Fund and the other underlying overseas mutual fund schemes where the Scheme will invest shall be compliant with all provisions of SEBI Circular SEBI/IMD/CIR No7/104753/07 dated September 26, 2007.

Portfolio re-balancing

In the event of the asset allocation falling outside the range as indicated above for short term and defensive considerations, the Fund Manager will endeavor to review and rebalance the same within 90 calendar days. Where the asset allocation is not rebalanced within 90 calendar days, justification for the same shall be provided to the Investment Management Committee and reasons for the same shall be recorded in writing. The Investment Management Committee shall then decide on the course of action.

D. WHERE WILL THE SCHEME INVEST?

The Scheme will invest predominantly in units /shares of 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 fund 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.

Money market instruments (money market instruments include includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time) and / or units of domestic mutual funds.

The scheme may invest in any other instruments as may be permitted by SEBI / RBI/ other Regulatory Authority from time to time.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated.

The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations and private placement, rights offers or negotiated deals.

The Scheme may also enter into repurchase and reverse repurchases obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

Change in Investment Pattern

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders, and meet the objective of the Scheme. Such changes in the investment pattern will be for short term and defensive considerations.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations, as detailed in this Scheme Information Document.

E. INVESTMENT STRATEGIES

Investment Approach and Risk Control

The Scheme will invest predominantly in units /shares of 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 fund 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.

The Scheme may invest in units of liquid mutual fund schemes managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for investments in other schemes.

The Fund may undertake currency hedge to protect the investors from the risk associated with movement in currency markets as mentioned in the risk factors earlier.

Overview of the Overseas Fund - HGIF Brazil Equity Fund

HSBC Global Investment Funds (HGIF) is an investment company (Société d'Investissement à Capital Variable) incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the law of 20 December 2002 on undertakings for collective investment (as amended) (the "2002 Law").

HGIF - Brazil Equity is the sub-fund of HGIF and has been currently identified by the HSBC Brazil Equity Fund (HBEF) for overseas investment of funds collected by HBEF. Further, HBEF may in future identify such additional funds as may be required from time to time.

The Investment Objective of HGIF Brazil Equity Fund is as under:

As per the prospectus, the sub-fund seeks long-term capital growth by investing primarily in a well diversified portfolio of investments in equity and equity equivalent securities of companies which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of Brazil, as well as those companies which carry out a preponderant part of their business activities in Brazil. There are no capitalisation restrictions, and it is anticipated that the Sub-Fund will seek to invest across a range of capitalisations.

Dollar conversion process:

For the purpose of US dollar conversion, HBEF intends to use the prices available through Reuter as per the closing time of the Indian Markets or any other currency rate widely representative of the market. Eg. Mean of inter-bank bid ask rate.

Expenses:

HSBC GIF Brazil Equity Fund has various share classes and has different expenses for each such share class. The expenses are classified into Management & Distribution expenses and Operating expenses. The management & distribution expense for a retail share class like Share Class A is 1.75% whereas share class I, which is the institutional share class, has management & distribution fees of around 0.875% of the net assets. Further, the administrative, operating and servicing expenses for all classes are capped at 1% which is over and above the management and distribution expenses. HGIF could change the expenses for the various share classes from time to time.

Portfolio Turnover

Portfolio turnover is defined as lesser of purchases and sales as a percentage of the average corpus of the Scheme during a specified period of time. Investors can purchase / sell units on a continuous basis on the National Stock Exchange of India Ltd and/or any other Stock Exchange(s) on which the units are listed during the trading hours like any other publicly traded stock. There will turnover only due to change in composition of portfolio of securities made as per the prevailing market conditions. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s).

Procedure followed for Investment Decisions

The Board of the AMC has constituted an Investment Management Committee that meets at periodic intervals. The Investment Management Committee, at its meetings, reviews investments, including investments in unrated debt instruments. The approval of unrated debt instruments is based on parameters laid down by the Board of the AMC and the Trustees. The details of such investments are communicated by the AMC to the Trustees in their periodical reports along with a disclosure regarding how the parameters have been complied with. Such reportings shall be in the manner prescribed by SEBI from time to time. The Committee also reviews the performance of the Scheme and general market outlook and formulates the broad investment strategy at their meetings.

It is the responsibility of the AMC to ensure that the investments are made as per the internal / Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme. The Fund may follow internal guidelines as approved by the Board of the AMC and the Trustees from time to time. Internal guidelines shall be subject to change and may be amended from time to time in the best interest of the Unitholders. The amendments will be approved by the Board of the AMC and the Trustees of the Mutual Fund.

The Heads of Fund Management – Equities & Fixed Income present to the Board of the AMC and the Trustees periodically, the performance of the Schemes. The performance of the Scheme will be reviewed by the Boards with reference to the appropriate benchmarks.

The performance of HBEF will be benchmarked against MSCI Brazil 10/40 Index. However, the Scheme/ Plans' performance may not be strictly comparable with the performance of the Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

The Heads of Fund Management – Equities & Fixed Income will bring to the notice of the AMC Board, specific factors if any, which are impacting the performance of the Scheme. The Board on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The Heads of Fund Management - Equities & Fixed Income will explain to the Trustees, the details on the Schemes' performance vis-à-vis the benchmark returns.

The AMC will keep a record of all investment decisions.

Investment of Subscription Money

The Fund may invest subscription money received from the investing public in bank deposits, or money market instruments before finalisation of the allotment of Units. The AMC, on being satisfied of the receipt of the minimum subscription amount, can commence investment out of the funds received in accordance with the investment objectives of the Scheme and as per the existing Regulations. The income earned out of such investments would be merged with the corpus of the Scheme on completion of the allotment of the Units.

Investments by the AMC in the Scheme

The AMC may invest in the Scheme during the NFO subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme.

F. FUNDAMENTAL ATTRIBUTES

The following are the fundamental attributes of the Scheme (s), in terms of Regulation 18 (15A) of the Regulations:

(i) Type of a scheme

- o Open ended/Close ended/Interval scheme
- o Sectoral Fund/Equity Fund/Balance Fund/Income Fund/Index Fund/Any other type of Fund

(ii) Investment Objective

- o Main Objective - Growth/Income/Both.
- o Investment pattern - The tentative Equity/Debt/Money Market portfolio break-up with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(iii) Terms of Issue

- o Liquidity provisions such as listing, repurchase, redemption.
- o Aggregate fees and expenses charged to the scheme.
- o Any safety net or guarantee provided.

In accordance with Regulation 18(15A) of the SEBI Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE ?

The performance of HBEF will be benchmarked against MSCI Brazil 10/40 Index. However, the Schemes' performance may not be strictly comparable with the performance of the Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

Justification

The Scheme shall be benchmarked against MSCI Brazil 10/40 Index as mentioned above, since the composition of the Index is in line with the investment objective of the Scheme/Plan and is most suited for comparing performance of the Scheme/ Plan. It will also enable the investors to arrive at a more informed judgement on scheme performance.

H. FUND MANAGER

Niren Parekh will be the fund manager of the Scheme.

Niren Parekh also manages HSBC Emerging Markets Fund and is the dedicated Fund Manager for making overseas investments as permitted under the Regulations, guidelines and circulars issued from time to time.

Niren Parekh

Associate Vice President, Investment Management

28 years

Post Graduate Diploma in Business Management

Chartered Accountant

Experience:

Over 4 years experience in research.

- 1 HSBC Asset Management (India) Private Limited
Assistant Fund Manager from September 2007 to present
- 1 Motilal Oswal Securities Limited
Analyst from October 2005 to September 2007
- 1 SBI Capital Markets
Management Trainee from May 2005 to September 2005

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Investment Restrictions for the Scheme

All investments by the Scheme and the Mutual Fund, will always be within the investment restrictions as specified in the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. Pursuant to the Regulations, the following investment and other restrictions are presently applicable to the Scheme:

- 1 The Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
- 1 Transfer of investments from one Scheme to another Scheme in the Mutual Fund is permitted provided:
 - Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
 - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- 1 The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
- 1 Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities.
- 1 Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short-term deposits of scheduled commercial banks, subject to such Guidelines as may be specified by the Board. The requirements of SEBI Circulars, SEBI/IMD/CIR No. 1/91171/07 dated 16 April 2007 and SEBI/IMD/CIR No.7/129592/08 dated 23 June 2008 will be adhered to.
- 1 The Scheme shall not make any investment in:
 - Any unlisted security of an associate or group company of the Sponsor; or
 - Any security issued by way of private placement by an associate or group company of the Sponsor; or
 - the listed securities of group companies of the Sponsor which is in excess of 25% of the net assets of the Scheme of the Mutual Fund.
- 1 The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / redemption of Units or payment of interest and dividend to the Unitholders. Provided that the

Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

- 1 No loans for any purpose shall be advanced by the Scheme.
- L A fund of funds scheme shall be subject to the following investment restrictions:
 - (a) A fund of funds scheme shall not invest in any other fund of funds scheme;
 - (b) A fund of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the Scheme Information Document of fund of funds scheme.
1. HBEF will not invest in the underlying schemes which invest more than 10% of their net assets in unlisted equity shares or equity related instruments.
- 1 The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

The Trustees may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the Unitholders.

It is the responsibility of the AMC to ensure that the investments are made as per the internal / Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme. The Fund may follow internal guidelines as approved by the Board of the AMC and the Trustees from time to time. Internal guidelines shall be subject to change and may be amended from time to time in the best interest of the Unitholders. The amendments will be approved by the Board of the AMC and the Trustees of the Mutual Fund.

Policy on Offshore Investments by the Scheme

SEBI Regulations permit mutual funds to invest in certain securities / instruments viz. ADRs / GDRs issued by Indian or Foreign companies, Equity of overseas companies listed on recognized stock exchanges overseas, Initial public offer (IPO) and Follow on public offerings (FPO) for listing at recognized stock exchanges overseas, Foreign debt securities in the countries with fully convertible currencies, with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos - only as pure investment avenues, where the counterparty is rated not below investment grade; also repos should not however, involve any borrowing of funds by mutual funds, Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade, Units/securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Units/securities issued by overseas mutual funds registered with overseas regulators and investing in approved securities or Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets) subject to the terms and conditions prescribed, subject to maximum of US\$ 300 million. This would be revised in terms of SEBI approvals/ guidelines from time to time. All the provisions of SEBI/IMD/CIR No.7/104753/07 dated 26 September 2007 will be adhered to including appointment of dedicated fund manager for investment in foreign securities.

It is the Investment Manager's belief that foreign securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. The Fund would look to invest in foreign securities in order to diversify the portfolio in terms of variety of instruments held and enhance returns by taking advantage of market movements in global markets, which may or may not be in sync with the Indian markets. Investment in foreign securities would only be looked at if they provide a return, liquidity, ease of settlement and valuation, transaction costs better than equivalent local investments. Hence only if the Fund Manager becomes cautious or negative on the Indian markets for a reasonably long period of time, would he consider investing in such securities. The Fund will look to identify and capture profitable opportunities as and when they arise. However, such investments also entail additional risks. Such investment opportunities may be pursued by the Investment Manager provided they are considered appropriate in terms of the overall investment objectives of the Scheme. The Scheme may then, if necessary, seek permission from SEBI and RBI to invest abroad in accordance with the investment objectives of the Scheme and in accordance with any guidelines issued by SEBI / RBI from time to time.

Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of the Scheme. To manage risks associated with foreign currency,

the Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI / RBI from time to time.

Offshore investments will be made subject to any / all approvals and conditions thereof as may be stipulated by SEBI / RBI being fulfilled and provided such investments do not result in expenses to the Fund in excess of the ceiling, if any, on expenses prescribed by SEBI for offshore investment, and if no such ceiling is prescribed by SEBI, the expenses to the Scheme(s) shall be limited to the level which, in the opinion of the Trustees, is reasonable and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

J. SCHEME PERFORMANCE: This scheme is a new scheme and does not have any performance track record

SECTION III

UNITS AND OFFER

(This section provides details you need to know for investing in the scheme.)

A. NEW FUND OFFER (NFO)

New Fund Offer

The offer is being made for subscription of Units of HSBC Brazil Equity Fund which is an open-ended fund of funds scheme.

New Fund Offer Period

(This is the period during which a new scheme sells its units to the investors.)

The New Fund Offer for HSBC Brazil Equity Fund will commence from _____ and close on _____.

The Trustees/ AMC reserve the right to extend/ prepone the closing date of the New Fund Offer Period, subject to the condition that the subscription to the New Fund Offer shall not be kept open for more than 30 days.

New Fund Offer Price

(This is the price per unit that the investors have to pay to invest during the NFO.)

The New Fund Offer price of Units of the Scheme will be Rs. 10/- per unit.

Minimum Amount for Application in the NFO

The minimum application amount will be Rs.10,000/- and in multiples of Re. 1/- thereafter. The AMC reserves the right to change the minimum application amount from time to time.

Minimum Target Amount

The minimum subscription (target) amount for HSBC Brazil Equity Fund shall be Rs. 1 Crore.

This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.

Maximum Amount to be raised (if any)

(This is the maximum amount which can be collected during the NFO period, as decided by the AMC.)

There is an upper limit (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn) on the aggregate amount the schemes of the Mutual Fund can invest in overseas securities/units of overseas mutual funds. In the event the aforesaid limit prescribed by SEBI for overseas investments by all schemes of HSBC Mutual Fund put together is expected to be exceeded during the NFO of the Scheme, the NFO may be closed for further subscription.

Plans / Options offered under the Scheme

The Scheme offers two Options viz. Growth & Dividend Option.

Growth Option

Under this Option, income earned on the Scheme's corpus will remain invested in the Scheme and will be reflected in the Net Asset Value (NAV). Unitholders who opt for this option will not receive any dividend in normal circumstances.

Dividend Option

Under the Dividend Option, dividends shall be distributed subject to the availability of distributable profits, as computed in accordance with SEBI (MF) Regulations. Unitholders will be entitled for dividend under the Dividend Option as at the close of the business on the Record Date. The Trustee / AMC reserves the right to change the record date from time to time.

Declaration of dividend, as indicated above is provisional and will depend on, among other things, the availability of distributable surplus and will entirely be at the discretion of the Trustees.

Subsequent to the declaration of Dividend, NAV of the Dividend Option and Growth Option will be different. Investors in the Scheme(s) have the choice of opting for either payout or reinvestment of dividend, as stated below:

(i) Dividend Payout Facility

Under this facility, dividend declared, if any, will be paid (subject to deduction of dividend distribution tax and statutory levy, if any) to those Unit holders, whose names appear in the register of Unit holders on the notified record date. The Trustee / AMC reserves the right to change the record date from time to time.

(ii) Dividend Reinvestment Facility

Under this facility, the dividend due and payable to the Unit holders will be compulsorily and without any further act by the Unit holder, reinvested in the Dividend option at a price based on the prevailing ex-dividend Net Asset Value per Unit. The amount of dividend reinvested will be net of tax deducted at source, wherever applicable. The dividends so reinvested shall constitute a constructive payment of dividends to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units.

On reinvestment of dividends, the number of Units to the credit of Unit holder will increase to the extent of the dividend reinvested divided by the Applicable NAV. There shall, however, be no Load on the dividend so reinvested.

Default Option

Investors should indicate the Scheme and / or Option etc., wherever applicable, for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the Application Form. In case of valid applications received, without indicating the Scheme and / or Option etc. the following defaults will be flagged off:

Indication not made	Default
Scheme Name	As indicated on the Cheque or scheme in which electronic credit has been received.
Dividend / Growth Option	Growth Option
Dividend Payout / Dividend Reinvestment	Dividend Reinvestment
Mode of holding (in cases where there are more than one applicant)	Joint

Dividend Distribution Policy

The Trustees propose to follow the following dividend distribution policy:

Declaration of dividend for HBEF is subject to the availability of distributable surplus. Such dividends if declared, will be paid under normal circumstances, only to those Unitholders who have opted for Dividend Options with specified Options.

However, it must be distinctly understood that the actual declaration of dividends under the Scheme and the frequency thereof will, inter-alia, depend upon the distributable surplus of the Scheme. The Trustees reserve the right of dividend declaration and to change the frequency, date of declaration and the decision of the Trustees in this regard shall be final. There is no assurance or guarantee to unit holders as to the rate of dividend distribution.

The dividend that may be paid out of the net surplus of the Scheme will be paid only to those Unitholders whose names appear in the register of Unitholders on the notified record date.

The dividend will be at such rate as may be decided by the AMC in consultation with the Trustees.

Dividend Distribution Procedure

In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/ 64057/06 dated April 4, 2006, the procedure for Dividend Distribution would be as under:

1. Quantum of dividend and the record date will be fixed by the Trustee in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.

2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.

3. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders for receiving dividends. (Please refer 'Dividend Option(s)' on page 22-23 for details). The Record Date will be 5 calendar days from the issue of notice.

4. The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).

5. The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

6. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever, will be issued by Mutual Fund.

In case of Liquid / Debt Scheme(s), the requirement of giving notice regarding the quantum and record date of the dividend in two newspapers shall not be compulsory for Scheme(s)/ Plan(s)/ Option(s) having frequency of dividend distribution from daily up to monthly dividend.

The dividend proceeds may be paid by way of dividend warrants / direct credit / EFT / ECS Credit/ NEFT /SEFT / RTGS / Wired Transfer / any other manner through the investor's bank account specified in the Registrar's records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment. The AMC shall also appropriately intimate the Unitholders about the dividend announcements / payout / reinvestment within 30 days of the date of declaration of dividend.

Allotment

All applicants will receive full and firm allotment of units, provided the applications are complete in all respects and are found to be in order. The Trustees retain the sole and absolute discretion to reject any application. The process of allotment of units and mailing of allotment/ account statements reflecting the allotments will be completed within 30 days from the date of closure of the New Fund Offer Period.

Account Statement

An account statement will be sent by ordinary post / courier / e-mail to each Unitholder, stating the number of units allotted, not later than 30 Business Days from the close of the New Fund Offer Period. For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail at the e-mail address provided by the Unit Holder. As units of the Scheme will be non-transferable, the Account Statements shall be non-transferable. If the Unitholder so desires, non-transferable unit certificates will be issued within 30 days of the receipt of request for the certificate.

Refund

In case the Scheme fails to collect the minimum subscription amount under the scheme, the Mutual Fund and the AMC shall be liable to refund the subscription amount to the Applicants of the Scheme

In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed.

No interest will be payable on any subscription money refunded within 6 weeks from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded later than 6 weeks from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 6 weeks and will be charged to the AMC. Refund orders will be marked "A/c. payee only" and will be in favour of and be despatched to the Sole / First Applicant, by registered post.

Who can invest?

(This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.)

The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted and duly authorised under their respective constitutions, charter documents, corporate / other authorisations and relevant statutory provisions etc):

- 1 Indian resident adult individuals either singly or jointly
- 1 Minor through parent / lawful guardian
- 1 Companies, bodies corporate, public sector undertakings, association of persons, bodies of individuals, societies registered under the Societies Registration Act, 1860, mutual fund schemes (so long as the purchase of units is permitted under the respective constitutions)
- 1 Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds
- 1 Partnership Firms
- 1 Karta of Hindu Undivided Family (HUF)
- 1 Banks (including Co-operative Banks and Regional Rural Banks) & Financial Institutions
- 1 Non-resident Indians (NRIs) / Persons of Indian Origin on full repatriation basis (subject to RBI approval, if required) or on non-repatriation basis
- 1 Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if required)
- 1 Army, Air Force, Navy and other para-military funds and eligible institutions
- 1 Scientific and Industrial Research Organisations
- 1 Provident / Pension / Gratuity and such other Funds as and when permitted to invest
- 1 International Multilateral Agencies approved by the Government of India / RBI
- 1 Other Schemes of HSBC Mutual Fund subject to the conditions and limits prescribed in SEBI Regulations
- 1 Trustees, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws), may subscribe to the Units under the Scheme.
- 1 There is no restriction on a foreign national from acquiring Indian securities provided such Foreign National meets tests laid down by the Foreign Exchange Management Act, 1999.
- 1 Sale proceeds of securities acquired by a foreign national may be remitted by him outside India without approval of RBI if: (a) such proceeds are remitted by a foreign national on his retirement from an employment in India and (b) such proceeds are not in excess of US \$ 1 million in any calendar year. If either (a) and (b) above is not met, approval of RBI will be necessary for the remittance. These requirements originate from the FEMA Remittance of Assets Regulations, 2000 which restrict a person, whether resident in India or not, from making a remittance of any asset ("remittance of asset" includes remittance outside India of funds representing, amongst others, sale proceeds of shares/securities) held by him or by any other person except with the approval of RBI or in certain specific cases listed in Regulation 4. One such case is the remittance of upto US \$ 1 million by a foreign national on his retiring from employment in India.

Note :

Subscriptions from residents in the United States of America and Canada shall not be accepted by the Schemes of HSBC Mutual Fund.

Investors are requested to note that information will be obtained from CVL database and information in the AMC records will be overwritten. Any discrepancy in the application on account of address or residence status the application will be rejected and the money will be refunded upon confirmation from CVL.

The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.

Subject to the SEBI (MF) Regulations, any application for units may be accepted or rejected in the sole and absolute discretion of the Trustee. The Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.

Where can you submit the filled up applications

Computer Age Management Services Private Limited (CAMS), Rayala Towers, Tower I, III floor, 158 Anna Salai, Chennai 600002 have been appointed as Registrar for the Scheme. The Registrar is registered with SEBI

under registration no: INR000002813. Investors can also subscribe and redeem units from the official website of AMC i.e. www.assetmanagement.hsbc.com/in as and when the AMC decides to offer this facility. The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / ISCs / Official Points of Acceptance, Details of official points of acceptance of CAMS and Branches of AMC are provided on back cover page.

Bank Account Numbers

In order to protect the interest of investors from fraudulent encashment of cheques, cheques specify the name of the Unitholder and the bank name and account number where payments are to be credited. SEBI Regulations make it mandatory for an investor to mention the details of his / her /its bank account. It is important for applicants to mention their bank name, bank account number, branch address, account type in their applications for subscription or repurchase of Units. Applications without this information shall be rejected.

How to apply?

Please refer to the Statement of Additional Information and Application form for the instructions.

Listing

The Scheme is an open ended Fund of Funds Scheme under which Sale and Repurchase will be made on a continuous basis and therefore listing is not currently envisaged. The AMC reserves the right to list the units of the Scheme in future, if deemed necessary.

Special Products / facilities available during the NFO

(1) HSBC Systematic Investment Plan (HSBC SIP)

Unitholders of the Scheme(s) can benefit by investing specific rupee amounts periodically, for a continuous period. SIP allows the investors to invest a fixed amount every month or quarter for purchasing additional Units of the Scheme(s) at NAV based prices. The requirement of 'Minimum Amount for Application' will not be applicable in case of SIPs.

During the New Fund Offer period:

An investor needs to provide:

- 1 one cheque for the 1st instalment, and
- 1 Auto Debit Form for the remaining instalments.

The cheque for the first SIP instalment can carry any date. The first instalment of the SIP will be processed for the NFO price (post dated cheque will not be accepted for the first instalment).

In the case of monthly SIP, the second instalment may be processed latest for the available SIP date (currently 3rd, 10th, 17th, 26th or 30th of every month; however for the month of February, the SIP date will be "last day of month" instead of "30th of every month") indicated by the investor, but immediately following the expiry of 25 Business Days from the date of allotment. The AMC will endeavour to process the second instalment for an earlier SIP date where possible.

If the choice of date (3rd, 10th, 17th, 26th or 30th of every month; however for the month of February, the SIP date will be "last day of month" instead of "30th of every month") for the second instalment is not indicated by the investor, the second instalment of SIP will be processed on the earliest SIP date (3rd, 10th, 17th, 26th or 30th of every month; however for the month of February, the SIP date will be "last day of month" instead of "30th of every month") immediately following the expiry of 25 Business Days from the date of allotment.

In case of quarterly SIP, the date for next instalment will be 10th of the relevant month. If any of above dates falls on a holiday, the transaction will be taken as of the next Business Day. Please refer to the Load Structure of each Scheme for details of applicable loads. Outstation cheques will not be accepted.

On an Ongoing basis

In case an investor wishes to invest on a monthly basis, the investor is required to provide:

- 1 at least 12 (6 in case application is processed through non ECS locations) post-dated cheques of at least Rs. 1000 (Rs. One Thousand) or

1 one cheque for the first installment in addition to a mandate form to enable subsequent debits either through Electronic Clearing System (ECS) debit or such other facilities as may be provided by the AMC for a block of atleast 11.

In case an investor wishes to invest on a quarterly basis, the investor is required to provide:

1 at least 4 post-dated cheques of at least Rs. 3000 (Rs. Three Thousand) each, or

1 one cheque for the first instalment in addition to a mandate form to enable subsequent debits either through Electronic Clearing System (ECS) debit or such other facilities as may be provided by the AMC for a block of atleast 3 balance installment.

Alternatively, the Auto Debit Facility can be used. The Auto Debit Facility enable direct debits from the account prescribed by the investor in select cities where the facility is available. The cities in the list may be modified / updated / changed / removed at any time entirely at the discretion of the AMC without assigning any reason or prior notice. The AMC reserves the right to withdraw the Auto Debit Facility at any time.

The cheque for the first SIP installment can carry any date. The first installment of the SIP will be processed subject to applicable NAV & load, if any, on the date of receipt of the application form (post dated cheque will not be accepted). The second instalment in case of monthly SIP will be processed on the available SIP date (currently 3rd, 10th, 17th, 26th or 30th of every month; however for the month of February, the SIP date will be "last day of month" instead of "30th of every month") indicated by the investor, but immediately following the expiry of 25 business days from the date of processing the first SIP. If the choice of date for the second instalment is not indicated by the investor, the second instalment of SIP will be processed on the earliest SIP date (3rd, 10th, 17th, 26th or 30th of every month; however for the month of February, the SIP date will be "last day of month" instead of "30th of every month") immediately following the expiry of 25 business days from the date of processing the first SIP instalment. In case of quarterly SIP, the date for next installment will be 10th of the relevant month. If any of above dates fall on a holiday, the transaction will be taken as of the next Business Day.

The cheques should be drawn in the name of the Scheme or its abbreviation e.g. "HSBC Brazil Equity Fund" or "HBEF" and crossed "Account Payee only" and must be payable at the locations where the applications are submitted at the Investor Service Centres. Outstation cheques will not be accepted and applications accompanied by such cheques are liable to be rejected. The Mutual Fund may have arrangements with organisations to accept group SIPs whereby the employees of such organisations can opt for a direct deduction from their salary and invest in the Scheme of the Mutual Fund in which the SIP facility is available. The Mutual Fund will decide the terms and conditions on which such group SIPs would be made available.

SIP Applications from investors received during the NFO period not falling in either Auto Debit / Direct Debit Facility as described in the Scheme Information Document, will be rejected and cheques will be returned/ refunds made, within 6 weeks from the date of closure of the NFO. No interest will be payable on cheques returned / refunds made, within 6 weeks from the closure of the New Fund Offer. Interest will be payable for such amounts returned / refunded later than 6 weeks from the closure of the New Fund Offer at the rate of 15% per annum for the period in excess of 6 weeks and will be charged to the AMC. Refund orders will be marked "A/c payee only" and will be in favour of and be despatched to the Sole / First Applicant, by registered post or any other mode as decided by AMC.

For the list of tie-ups with the various Banks for Auto Debit / Direct Debit Facility, please refer to the instructions in the Application Form. The Auto Debit / Direct Debit Facility enables direct debits from the account prescribed by the investor in select cities / banks where the facility is available. The cities in the list may be modified / updated / changed / removed at any time entirely at the discretion of the AMC without assigning any reason or prior notice. The AMC reserves the right to withdraw the Auto Debit Facility at any time.

The SIP may be discontinued on a written notice to the Registrar of at least 25 business days by a unit holder of the Scheme. The AMC reserves the right to introduce / discontinue SIP / variants of SIP from time to time.

In case of investments under the SIP, if 2 or more consecutive post dated cheques/ payment instructions provided by the investor are dishonored for either insufficiency of funds or as a result of a stop payment instruction issued by the investor, the AMC reserves the right to discontinue the SIP.

The AMC reserves the right to introduce / discontinue SIP / variants of SIP from time to time.

The subsequent installments of HSBC SIP will be stopped from the month in which the subscriptions exceed the maximum permissible limit as mentioned under the heading on "Policy on Offshore Investments by the Scheme(s) and the Plan(s) thereunder" of this Scheme Information Document (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn).

(2) HSBC Systematic Encashment Plan (SEP)

Unitholders have the benefit of enrolling themselves under the Systematic Encashment Plan. The SEP allows the Unitholder to withdraw sums of money each month / quarter from his investments in the Scheme. SEP is ideal for Unitholders seeking a regular inflow of funds for their needs in a tax efficient manner. It is also suited to retired persons or individuals who wish to invest a lumpsum and withdraw from the investment over a period of time. Investors can opt for either monthly or quarterly withdrawals. The Unitholder may avail of this Plan by sending a written request to the Registrar.

The amount thus withdrawn by redemption will be converted into Units at the Applicable NAV based prices and the number of Units so arrived at will be subtracted from the Units balance to the credit of that Unitholder. The SEP transaction will be on the first Business Day of every month / quarter and the payout will be as per the payout schedule of the respective scheme(s). The Fund may close a Unitholder's account if the balance falls below Rs 1,000/- in the respective Options/sub-options within 30 days from the date on which a written intimation in this regard is sent to the Unitholder.

The SEP may be terminated or modified on a written notice to the Registrar of at least 14 days by a Unitholder of the Scheme and it will terminate automatically if all Units are liquidated or withdrawn from the account by the Unitholder.

Under SEP investors can opt for withdrawal of a Fixed Amount or the Capital Appreciation on their investment.

Under the Fixed Amount Option, the investor specifies the fixed amount that he would like to receive on a regular basis irrespective of the gain / loss on the Fund in the specified period. The minimum amount which the Unitholder can withdraw is Rs 1000/- (Rupees One Thousand Only) and in multiples of Re.1 (Rupee One Only) thereafter.

The Capital Appreciation Option allows the automatic redemption of the incremental amount i.e. appreciation on the original investment. For example, if the appreciation on the initial investment in a period is Rs. 5000/- and Rs. 4500/- in the next period, then the investor would receive only the appreciation i.e. Rs. 5000/- and Rs. 4500/- in the respective periods. Unitholders should note that in the event of there being no capital appreciation, no withdrawal / payment would be effected.

The AMC reserves the right to introduce / discontinue SEP from time to time.

(3) HSBC Systematic Transfer Plan (STP)

Unitholders of the Scheme can benefit by transferring specific rupee amounts periodically, for a continuous period into the open-ended equity schemes. STP allows the investors to transfer a fixed amount every month to a particular Scheme at NAV based prices. Investors can opt for the STP by investing a lumpsum amount into HSBC Brazil Equity Fund and simultaneously providing a standing instruction to transfer sums at monthly intervals into the open-ended equity schemes of HSBC Mutual Fund.

Investors could also opt for STP from an existing account by quoting their folio number. Investors could choose to specify the fixed sum to be transferred every month. Transfers would be effected on the available STP date (currently 3rd, 10th, 17th, 26th or 30th of every month however for the month of February, the STP date will be "last day of month" instead of "30th of every month") indicated by the investor. The investor can choose multiple dates for the purpose of STP. In case of STP if the choice of date for the installment is not indicated by the investor, the installment of STP will be processed on the next earliest STP date (3rd, 10th, 17th or 26th). Transfers must be for a minimum amount of Rs.1,000/- in case of STPs where a fixed sum is specified to be transferred every month. Kindly note that STP will come into effect within 10 days from the date of receipt of application.

The STP may be discontinued on a written notice to the Registrar of at least 14 days by a unit holder of the Scheme. The AMC reserves the right to introduce / discontinue STP / variants of STP from time to time.

The subsequent installments of HSBC STP will be stopped from the month in which the subscriptions exceed the maximum permissible limit as mentioned under the heading on "Policy on Offshore Investments by the Scheme(s) and the Plan(s) thereunder" of this Scheme Information Document (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn).

Switching Option

During the NFO Period, Unit Holders in the various schemes of the Mutual Fund have the option of switching into the Scheme.

To effect a switch, a Unitholder must provide clear instructions. A request for a switch may be specified either in terms of amount or in terms of the number of Units of the Scheme from which the switch is sought. Where a request for switch is for both amount and number of Units, the amount requested will be considered as the definitive request. Such instructions may be provided in writing and lodged on any Business Day at any of the Investor Service Centres / Designated Collection Centres.

The switch will be effected by redeeming units from the scheme in which the units are held and investing the net proceeds in the other Scheme(s) / Plans / Options, subject to the minimum balance, minimum application amount and subscription / redemption criteria applicable for the respective Scheme(s).

Valid requests for 'switch out' shall be treated as redemptions and for 'switch in' shall be treated as purchases, after considering any prevalent exit loads for switches.

A switch by NRI / FII Unitholders will be subject to the compliance of procedures and / or final approval of the Reserve Bank of India or and any other agency, as may be required.

In view of the individual nature of tax impact, each investor is advised to consult with his or her own tax consultant with respect to the capital gains/loss and specific tax implications arising out of switches and redemptions.

The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same:

Presently the AMC does not intend to reissue the repurchased units. The trustee reserves the right to reissue the repurchased units at a later date after issuing adequate public notices and taking approvals, if any, from SEBI.

Restrictions, if any, on the right to freely retain or dispose of units being offered:

Transfer & Transmission of Units

As the Scheme stands ready to redeem Units on a continuous basis as laid down herein, the transfer facility is found redundant. Units of the Scheme shall therefore be non transferable. However, if a transferee becomes a holder of Units by operation of law including upon enforcement of a pledge, then the Trustees shall, subject to production of such evidence, which in their opinion is sufficient, proceed to effect the transfer within 30 days from the date of lodgement if the intended transferee is otherwise eligible to hold the Units. A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole holder or the survivors of joint holders, upon producing evidence and documentation to the satisfaction of the Fund and upon executing suitable indemnities in favour of the Fund and the AMC, shall be registered as a Unitholder. It may be noted that the nominee / legal heir is required to provide a copy of his / her PAN card as well as fulfill the Know Your Customer (KYC) requirements which is a pre-requisite for the transmission process.

Processing of Transmission-cum-transaction requests:

If an investor submits either a financial or non financial transaction request alongwith transmission request, then such transaction requests will be processed after the units are transferred in the name of new unit holder and only upon subsequent submission of fresh request from the new unit holder post transmission. Under normal circumstances, the Fund will endeavour to process the transmission request within 10 business days, subject to receipt of complete documentation as applicable.

Pledge

If in conformity with the guidelines and notifications issued by SEBI / Government of India / any other regulatory body from time to time, units under the Scheme may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body.

The AMC and / or the ISC will note and record such pledged Units. A standard form for this purpose is available on request from any ISC. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof. The Pledgor will not be able to redeem / switch Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / lien charge may be removed. As long as Units are pledged, the pledgee will have complete authority to redeem such Units.

The distributions in the nature of dividends which are paid out on pledged units shall be made in favour of the investor.

The Asset Management Company reserves the right to change the procedure for pledges from time to time.

Fractional Units

Since a request for redemption or purchase is generally made in rupee amounts and not in terms of number of Units of the Scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places for the Scheme. However, fractional Units will in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the Unitholder's credit.

Right to Limit Redemptions

The Trustees may, in the general interest of the Unitholders of the Scheme offered under this Scheme Information Document, and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue, under the Scheme and Plan(s) thereof, or such other percentage as the Trustees may determine. Any Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Redemption price of the Business Day on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemptions will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day. In addition, the Trustees reserve the right in their sole discretion, to limit redemptions with respect to any single account to an amount of Rs. 1 crore (Rupees One Crore Only) in a single day. It may be noted that as the Scheme is being listed, investors will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the fund only on the maturity of the Scheme.

Suspension of Sale / Repurchase / Switch of Units

The Mutual Fund at its sole discretion reserves the right to withdraw sale and / or repurchase and / or switch of the Units in the Scheme (including any one of the Plan of any of the Scheme) temporarily or indefinitely, if in the opinion of the AMC, the general market conditions are not favourable and / or suitable investment opportunities are not available for deployment of funds. However, the suspension of sale / repurchase / switch either temporarily or indefinitely will be with the approval of the Trustees.

The sale / repurchase / switch of the Units may be suspended under the following conditions:

- 1 During the period of Book Closure.
- 1 During the period from the date of issue of the notice for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depositories (NSDL/CDSL) records for the purpose of redemption of units on Maturity.
- 1 When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays or if stock markets stop functioning or trading is restricted..
- 1 When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustees and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
- 1 In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- 1 During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.
- 1 In case of natural calamities, strikes, riots and bandhs.
- 1 In the event of any force majeure or disaster that affects the normal functioning of the AMC, Stock Exchange(s), ISC or the Registrar.
- 1 If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for purchase, switch and redemption of Units will not be applicable. Further, an order to purchase Units is not binding on and may be

rejected by the Trustees, the AMC or their respective agents, until it has been confirmed in writing by the AMC or its agents and payment has been received.

Suspension or restriction of repurchase / redemption facility under any Scheme / Plan of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the AMC and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

The AMC/Trustee reserves the right to temporarily suspend subscriptions in/switches into the Scheme or the subsequent installments of HSBC SIP /HSBC STP / HSBC SIP Plus will be stopped from the month in which the subscriptions exceed the maximum permissible limits prescribed by SEBI for overseas investments as mentioned under the heading on "Policy on Offshore Investments by the Scheme(s) and the Plan(s) thereunder" of this Scheme Information Document (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn).

Freezing / Seizure of Accounts

Investors may note that under the following circumstances the Trustee / AMC may at its sole discretion (and without being responsible and/or liable in any manner whatsoever) freeze/seize a Unit holder's account (or deal with the same in the manner the Trustee / AMC is directed and/or ordered) under the Scheme(s):

- Under any requirement of any law or regulations for the time being in force.
- Under the direction and/or order (including interim orders) of any regulatory/statutory authority or any judicial authority or any quasi-judicial authority or such other competent authority having the powers to give direction and/or order.

B. ONGOING OFFER DETAILS

Ongoing Offer period

(This is the date from which the scheme will reopen for subscriptions/ redemptions after the closure of the NFO period.)

W.e.f. _____ (date) or within 30 days from the date of closure of the NFO.

Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors

(This is the price you need to pay for purchase/switch-in.)

At the applicable NAV

Ongoing price for redemption (sale)/ switch outs (to other schemes/plans of the Mutual Fund) by investors

(This is the price you will receive for redemption/switch outs.)

At the Applicable NAV subject to prevailing Exit Load, if any.

Investors may submit their redemption / switch out request on any Business Day. The redemption will be processed as per the cut off timing and desired amount/ units will be redeemed at the Applicable NAV on such date after charging applicable Exit Load, if any.

While calculating the repurchase price, the Fund shall be at liberty to charge a load as permitted under SEBI Regulations. The Repurchase Price of the Units as per current SEBI Regulations shall not be lower than 93% of the Applicable NAV.

The repurchase price of the Units, on an ongoing basis, is based on the Applicable NAV. As per SEBI Regulations, an exit load upto a maximum of 7% may be charged for all redemptions under the Plans / Options available under the Scheme(s), provided that the difference between the repurchase price and the sale price of the Units shall not exceed the permissible limit of 7% calculated on the sale price.

It will be calculated as follows:

Redemption Price = Applicable NAV*(1-Exit Load, if any)

Example: If the Applicable NAV is Rs. 10, Exit Load is 2% then redemption price will be Rs. 10* (1-0.02) = Rs. 9.80

Cut off timing for subscriptions/ redemptions/ switches:

(This is the time before which your application (complete in all respects) should reach the official points of acceptance)

For subscriptions / purchases including switch-ins:

The following cut-off timings shall be observed by the Mutual Fund in respect of purchase of Units of the Scheme and their Plans, and the following NAVs shall be applied for such purchase:

Particulars	Applicable NAV
where the application is received upto 3.00 pm with a local cheque or demand draft payable at par at the place where it is received	the closing NAV of the day of receipt of application
where the application is received after 3.00 pm with a local cheque or demand draft payable at par at the place where it is received	the closing NAV of the next business day
where the application is received with an outstation cheque or demand draft which is not payable on par at the place where it is received	the closing NAV of day on which the cheque or demand draft is credited.

For Redemptions including Switch - outs:

The following cut-off timings shall be observed by the Mutual Fund in respect of Repurchase of Units:

Particulars	Applicable NAV
where the application is received upto 3.00 pm	the closing NAV of the day of receipt of application
where the application is received after 3.00 pm	the closing NAV of the next business day

For Switches:

In case of switch transactions from one scheme (plan) to another, the allocations shall be in line with redemption pay-outs.

The Mutual Fund shall calculate NAV for each calendar day in respect of the above scheme(s)/ plan(s) and their plans.

Explanation: 'Business day' does not include a day on which the money markets are closed or otherwise not accessible.

Valid applications for 'switch-out' shall be treated as applications for Redemption and valid applications for 'switch-in' shall be treated as applications for Purchase, and the provisions of the Cut-off time, purchase/redemption price, minimum amounts for Purchase/Redemption and the Applicable NAV as applicable to Purchase and Redemption, as mentioned in above paragraph, shall be applied respectively to the 'switch-in' and 'switch-out' applications.

Business day for HBEF is defined as any day on which the HGIF Brazil Equity Fund is open for transactions. If HGIF Brazil Equity Fund declares any day as a non-business day, AMC will also declare that day as a non business day. However, if this information is received by the AMC from HGIF Brazil Equity Fund later in the day and HBEF has already accepted transactions, such transactions will be processed on the next business day

Where can the applications for purchase/redemption /switches be submitted?

The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / ISCs / Official Points of Acceptance, Details of official points of acceptance of CAMS and Branches of AMC are provided on back cover page. The details of official points of acceptance, collecting banker etc. are provided on back cover page.

Minimum amount for purchase/redemption/swiches:

Minimum Purchase / Switch-in amount - Rs. 10,000 and in multiples of Re. 1/- thereafter

Minimum additional investment amount - Rs. 1,000/- and in multiples of Re. 1/- thereafter.

Minimum Redemption / Switch-out amount - Rs. 1,000/- and in multiples of Re. 1/- thereafter.

The AMC reserves the right to change the minimum application/purchase amount, the minimum additional investment amount and the minimum amount for Redemption / Switches under the Scheme(s) / Plan(s) / Option(s) from time to time

Minimum balance to be maintained and consequences of non maintenance

The Fund may close the Unitholder's account if as a consequence of a redemption/repurchase, the balance falls below the minimum redemption amount as mentioned above for the scheme. In such a case, entire Units to the Unitholder's account will be redeemed at the Applicable NAV with the applicable exit load, if any, and the account will be closed..

Special Products available

1. HSBC Systematic Investment Plan (HSBC SIP): Please refer to the details mentioned above in NFO
2. HSBC Systematic Encashment Plan (HSBC SEP): Please refer to the details mentioned above in NFO

3. HSBC Systematic Transfer Plan (HSBC STP): Please refer to the details mentioned above in NFO

4. HSBC Systematic Investment Plan Plus (HSBC SIP Plus)

HSBC SIP Plus is a product add-on that is available with the main feature to provide insurance cover at no additional cost to the first holder.

Eligible transactions

The following transactions during the specified period are eligible for the insurance cover under HSBC SIP Plus. Specified period means the period during which HSBC SIP Plus is open to investors.

- Any SIP transaction for a minimum of Rs.2000 per month in eligible schemes and a minimum tenure of 36 months. Other options on tenure are 48 months and 60 months.
- Any STP transaction for a minimum of Rs.2000 per month in to eligible schemes and a minimum tenure of 36 months. Other options on tenure are 48 months and 60 months.

Insurance cover

The amount of insurance cover will be computed as follows: -

- For each eligible SIP transaction, cover is equal to tenure multiplied by installment
- For each eligible STP transaction, cover is equal to tenure multiplied by installment

Details of insurance cover

Under HSBC SIP Plus, the eligible investors will be entitled to Critical Illness Cover provided by ICICI Lombard General Insurance Company Limited ('IL') subject to the terms & conditions detailed below. The Critical Illness Cover provided by IL will be under the Master Policy for the Group Term Insurance to be entered into between IL and the AMC. A copy of the Master Policy would be available for inspection at the registered office of the AMC. The AMC reserves the right to withdraw / modify HSBC SIP Plus proposition at its discretion.

Any change in HSBC SIP Plus Installment and HSBC SIP Plus Tenure at a later date after enrollment will not be permitted.

The Critical Illness Cover will cover the following illness:

Major Organ Transplant	Cancer
End Stage Renal Failure	Stroke
Heart Valve Replacement	Bypass surgery

The Insurance Cover will also cover accidental permanent total disability and / or personal accidental death. The maximum sum insured will being Rs 10 lakhs per investor, across all his / her eligible transactions.

The investor will be entitled to Critical Illness Cover as under subject to the other terms and conditions. This Critical Illness Cover exclusive of the market value of the units subscribed to under this HSBC SIP Plus facility by the investor. Please see below illustrations for more clarity regarding the amount of insurance cover provided under HSBC SIP Plus.

Eg. If an investor has subscribed to a monthly SIP of Rs. 15,000 for a period of 5 years i.e. 60 months, the sum insured = $15,000 \times 60 = \text{Rs.}9,00,000$.

Eg. If an investor has subscribed to a monthly SIP of Rs. 20,000 for a period of 5 years i.e. 60 months, the sum insured will be Rs 10,00,000 (Though as per the above formula the insurance cover should be $20,000 \times 60 = \text{Rs.}12,00,000$). This is due to the fact that the maximum insurance cover is Rs 10 Lakhs.

Eg. In case an investor has the following eligible transactions, namely

- a) an SIP of Rs 10000 per month for 36 months
- b) an STP of Rs 15000 per month for 48 months and

then, the insurance cover is computed as follows: -

(i) $10000 \times 36 = 360,00$

(ii) $15000 \times 48 = 720,000$

Amount of insurance cover is the total of (i) and (ii) above ie Rs 10,80,000 but this is restricted to Rs 10,00,000.

Who are eligible?

- Only individual investors (excluding Non Resident Indian) applying singly (first applicant in case of joint applications, guardian in case of applications from minor and Karta in case of applications from HUF) who subscribe to Units of the Eligible Schemes through SIP Plus.
- Such investors, at the time of enrolling for SIP Plus, should be (i) at least 20 years of completed age and (ii) less than 50 years of age (50 years and 10 months is taken as 50 years completed).

Product Exclusions:*Critical Illness*

- Any of the critical illnesses diagnosed within the first three months of the inception of the cover
- Requirement of one month of survival period after initial diagnosis.
- Pre-existing diseases are not covered

Accidental Death

- Due to mental disorder or psychosomatic dysfunction, Suicide and drinking and driving

Accidental Permanent Total Disability

- Any injury, sickness or disease for which medical care, treatment, or advice was recommended by or received from a Doctor or from which the Insured Person suffered or which was present before the commencement of the Period of Insurance

Effective Date of Commencement of Cover

The effective date of commencement of the insurance cover for an investor shall be a day after the date on which the first SIP Plus Installment/ Lumpsum is accepted for subscription to the Units of the Eligible Scheme(s). In case of non receipt of 'good health' declaration, the AMC will endeavor to obtain such 'good health' declaration from investors and the insurance cover will commence only a day after receipt of the same. Such insurance cover would expire on the expiry of the SIP tenure.

Eg. For an investor who enrolls under SIP Plus on 5th October, 2007 with Rs. 2,000 as the SIP Plus Installment and the SIP Plus date is the 17th of every month, the effective date of commencement of the cover shall be 6th October, 2007.

Termination of Cover

The Critical Illness Cover provided under SIP Plus shall cease on the expiry of the HSBC SIP Plus Tenure. However, the cover shall cease before the expiry of the HSBC SIP Plus Tenure if one of the following events occurs:

- If the investor discontinues the HSBC SIP Plus instalments mid way
- If the investor defaults on any two consecutive SIP instalments or defaults on a total of 4 instalments during the entire tenure of HSBC SIP Plus
- Payment of personal accident or Disability or critical illness claims.
- In case of fraud, misrepresentation etc.
- Any claim due to violation of law

Once the insurance cover ceases, no subsequent reinstatement of the cover shall be allowed.

Disbursement of Insurance Claim

- The claim should be made within 90 days of the event happening.
- Investor / investor's nominee (legal heir in absence of nominee) to intimate IL in case of any claim, at:
 - Toll free: 1800-209-8888
 - E-mail: customersupport@icicilombard.comIL would require only the folio number from the customer or customer's nominee to proceed further.
- IL will intimate the claimant about the documents requirement and will ask for the required documents.
- In case of incomplete documents, IL will write back to the claimant regarding the pending documents.
- IL to decide the admissibility of any claim after receiving the documents and investigation report, if applicable.
- On admissibility, the payment will be made. The payment will be made within 7 days of receipt of all complete documents.
- In case, the documents are not received from the customer or customer's nominee within 3 months of intimation the claim would be closed. However, before closing the claim, IL shall send a letter to customer that the claim is closed because of non-receipt of documents.

Load/Expense structure applicable for subscription through HSBC SIP Plus

Entry Load	Not Applicable
Exit Load	1% if redeemed/ switched out within 1 year from date of investment, otherwise Nil. No load in case of switches between equity Schemes of HSBC Mutual Fund

No Exit Load will be charged on the redemption of Units acquired by way of transmission.

The investor will be charged the applicable Exit Load and the annual recurring expenses. Insurance premium for the insurance cover provided under the SIP Plus facility would be borne by the AMC.

Change in terms and conditions of SIP Plus

The terms and conditions including but not limited to Exit Load, HSBC SIP Plus Date, HSBC SIP Plus Tenure, Eligible Scheme, etc., are subject to change in future. Any such change will not be applicable to Unit Holders whose first HSBC SIP Plus installment has started, and will be applicable on a prospective basis.

Consequent to any regulatory change/direction in future, if IL is unable to provide the Critical Illness Cover, the investors who subscribe to the Eligible Schemes through SIP Plus subsequent to such regulatory change/direction will not be offered Critical Illness Cover. In the event of such occurrence, such investors will be intimated of the same.

Glossary/ Definitions:**a. Cancer**

A disease manifested by the presence of a malignant tumour characterized by the uncontrolled growth and spread of malignant cells, and the invasion of tissue. The term cancer also includes leukemia and malignant disease of the lymphatic system such as Hodgkin's but excludes:

- All tumour which are histologically described as pre-malignant, non-invasive or carcinoma in situ.
- Any malignant tumour in the presence of any Human Immuno-deficiency virus.
- Any skin cancer other than invasive malignant melanoma (starting with Clark Level III)
- Prostate cancer stage
- Hodgkin's Disease stage I

b. Coronary Artery By Pass Graft Surgery

The undergoing of open heart surgery to correct the narrowing or blockage of one of more coronary arteries with by-pass grafts (excluding balloon angioplasty, or any other intra-arterial procedures), provided that:

- This is done on the advice of a Doctor, and
- Coronary angiographic evidence supporting the necessity of the surgery is provided to the Company.

c. Major Organ Transplant

Receipt by way of transplant of a heart, liver, lung pancreas, kidney or bone marrow as a result of chronic irreversible failure of the Insured's own, provided that

- Evidence of end stage kidney disease is provided to the Company, and
- A Doctor confirms the requirement for transplantation

d. Stroke

Any cerebrovascular incident producing neurological sequelae lasting more than 24 hours and including infarction of brain tissue, hemorrhage and embolisation from an extracranial source. Evidence of neurological deficit for at least 3 months has to be produced.

e. Heart Valve Replacement Surgery

Surgical replacement of one or more heart valves with prosthetic valves. This includes the replacement of aortic, mitral, pulmonary or tricuspid valves with prosthetic valves due to stenosis or incompetence or a combination of these factors. Heart valve repair, valvulotomy and valvuloplasty are excluded.

f. End Stage Renal Failure

End stage renal failure presenting as chronic irreversible failure of both the kidneys to function, as a result of which either regular renal dialysis (hemodialysis or peritoneal dialysis) or renal transplant is required to be taken, provided that:

- Evidence of end stage kidney disease is provided to the Company, and

- A Doctor confirms the requirement for dialysis or transplantation.
- g. Accidental Permanent Total Disablement** is defined as any one of the following happening to the insured
- Sight of both eyes, / the actual loss by physical separation of **two** entire hands - **two** entire feet, / **one** entire hand & **one** entire foot/ of such loss of sight of **one** eye and such loss of **one** entire hand or one entire foot or
 - Use of **two** hands or **two** feet, or of **one** hand and **one** foot, or of loss of sight of **one** eye and loss of use of **one** hand or one foot, or
 - The sight of **one** eye, or of the actual loss by physical separation of **one** entire hand or **one** entire foot, then fifty percent (50%) or
 - Total and irrecoverable loss of use of a hand or a foot without physical separation then fifty percent (50%)
- i. Event:** Death in case of accident or diagnosis of disease or total disability due to accident.

The subsequent installments of HSBC SIP Plus will be stopped from the month in which the subscriptions exceed the maximum permissible limit as mentioned under the heading on "Policy on Offshore Investments by the Scheme(s) and the Plan(s) thereunder" of this Scheme Information Document (currently the limit for all the schemes of the Mutual Fund put together is equivalent to US\$ 300mn).

5. Switching Options

On an on-going basis, the Unitholders have the option to switch all or part of their investment from one scheme to any of the other scheme(s) offered by the Fund, which is available for investment at that time, subject to prevailing load structure. Where an investor seeks to move between the dividend and growth alternatives within an option of the Scheme / Plan, this will not be construed as a switch. Consequently, no load will apply to such movements.

Investors also have the option of switching between various Plans / Options of the same Scheme. To effect a switch, a Unitholder must provide clear instructions. A request for a switch may be specified either in terms of amount or in terms of the number of Units of the Scheme from which the switch is sought. Where a request for switch is for both amount and number of Units, the amount requested will be considered as the definitive request. Such instructions may be provided in writing and lodged on any Business Day at any of the Investor Service Centres / Designated Collection Centres. An Account Statement / Transaction Confirmation reflecting the new holding will be despatched to the Unitholders normally within 3 Business Days of completion of the switch transaction.

The switch will be effected by redeeming units from the scheme in which the units are held and investing the net proceeds in the other Scheme(s) / Plans / Options, subject to the minimum balance, minimum application amount and subscription / redemption criteria applicable for the respective Scheme(s).

Valid requests for 'switch out' shall be treated as redemptions and for 'switch in' shall be treated as purchases, after considering any prevalent exit loads for switches.

A switch by NRI / FII Unitholders will be subject to the compliance of procedures and / or final approval of the Reserve Bank of India or and any other agency, as may be required.

In view of the individual nature of tax impact, each investor is advised to consult with his or her own tax consultant with respect to the capital gains/loss and specific tax implications arising out of switches and redemptions.

Account Statement

For normal transactions (other than SIP/STP/SEP) during ongoing sales and repurchase:

- The AMC shall issue to the investor whose application (other than SIP/STP/SEP) has been accepted, an account statement specifying the number of units allotted.

An account statement will be sent by ordinary post / courier / e-mail to each Unitholder, stating the number of units allotted, as soon as possible, but not later than 30 days from date of receipt of request from the unitholder. Under normal circumstances, the AMC shall endeavour to despatch the account statement within 3 business days from the date of receipt of request from the unitholder. An Account Statement

reflecting the net balance of the Unitholder will under normal circumstances be mailed to the Unitholder by ordinary post / courier after every purchase, redemption and switch transaction is effected, except in exceptional circumstances. The Fund reserves the right to reverse the transaction of crediting units in the Unitholder's account, in the event of non-realisation of any cheque or other instrument remitted by the investor. The Unit balance shown on the account statement is subject to realisation of cheque, fulfilment of regulatory requirements, fulfilment of requirements of the Scheme Information Document(s) / Addendum(s) and furnishing necessary information to the satisfaction of the Mutual Fund.

- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail at the email address provided by the Unit Holder. Further please refer "Receiving Account Statement / Correspondence by e-mail" mentioned below.
- The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&T. Further please refer "Receiving Account Statement / Correspondence by e-mail" mentioned below.

For SIP / STP/SEP transactions;

- Account Statement for SIP/ STP/SEP transactions will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP/SEP to the e-mail address provided by the Unit Holder on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP/SEP shall be issued within 10 working days of the initial investment/transfer/ withdrawal.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP/SEP) to the investors within 5 working days from the receipt of such request without any charges.

Annual Account Statement:

- The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme(s).
- Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

As units of the Scheme will be non-transferable, the Account Statements shall be non-transferable. If the Unitholder so desires, non-transferable unit certificates will be issued within 30 days of the receipt of request for the certificate.

The Account Statement shall not be construed as a proof of title and is only a computer-printed statement indicating the details of transactions under the Scheme.

For Dividends paid out, investors will receive a transaction advice in case of dividends paid along with instrument, where applicable. The Unitholders can also obtain an Account Statement on request from any of the ISCs.

The Account Statement is a record of the transaction in the scheme of HSBC Mutual Fund. Investors are requested to review the account statement carefully and contact their nearest Investor Service Centre in case of any discrepancy.

All Units will rank *pari passu* among Units within the same Option / Sub-Option, i.e. either the Dividend Sub-Option or the Growth Sub-Option, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustees. Allotment of Units and despatch of Account Statements to NRIs / FIIs will be subject to RBI's general permission dated 30 March, 1999 to mutual funds, in terms of Notification no. FERA.195/99-RB or such other notifications, guidelines issued by RBI from time to time.

In the event an account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive all Account Statements, notices and correspondence with respect to the account, as well as the proceeds of any redemption requests or dividends or other distributions.

Receiving Account Statement / Correspondence by e-mail

The Mutual Fund will encourage the investors to provide their e-mail addresses for all correspondence. The Mutual Fund's website may facilitate request for Account Statement by Unitholders. The Mutual Fund will endeavour to send Account Statements and any other correspondence including Annual Reports using e-mail as the mode for communication as may be decided from time to time.

The Unitholder will be required to download and print the Account Statement after receiving the e-mail from the Mutual Fund. Should the Unitholder experience any difficulty in accessing the electronically delivered Account Statement, the Unitholder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advise the Mutual Fund of such difficulty within 24 hours after receiving the e-mail will serve as an affirmation regarding the acceptance by the Unitholder of the Account Statement.

In case an investor who has provided an e-mail address and opted for electronic mode of receipt of account statements and other updates wishes to change over to the physical mode, he would need to provide a written request to any of our official points of acceptance. Please note that such a request will be treated as a non financial transaction and processed within 3 - 5 business days from the date of submission.

It is deemed that the Unitholder is aware of all security risks including possible third party interception of the Account Statements and content of the Account Statements becoming known to third parties.

Under no circumstances, including negligence, shall the Mutual Fund or anyone involved in creating, producing, delivering or managing the Account Statements of the Unitholders, be liable for any direct, indirect, incidental, special or consequential damages that may result from the use of or inability to use the service or out of the breach of any warranty. The use and storage of any information including, without limitation, the password, account information, transaction activity, account balances and any other information available on the Unitholder's personal computer is at the risk and sole responsibility of the Unitholder.

Dividends and Distributions

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend. The dividend proceeds may be paid by way of dividend warrants / direct credit / EFT / ECS Credit/ SEFT / NEFT /RTGS / Wired Transfer / any other manner through the investor's bank account specified in the Registrar's records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment. The AMC shall also appropriately intimate the Unitholders about the dividend announcements within 30 days of the date of declaration of dividend.

Redemptions:

As per the Regulations, the Fund shall despatch the redemption/repurchase proceeds within 10 Business Days from the date of redemption or repurchase request at any of the Investor Service Centres. Under normal circumstances, the Fund will endeavor to despatch the redemption proceeds within 7 business days from the date of redemption or repurchase.

NRIs / FIIs

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the "FEMA Regulations") permit a NRI to purchase on repatriation or non-repatriation basis, without limit, units of domestic mutual funds. Payment for such units must be made either by: (i) inward remittance through normal banking channels; or (ii) out of funds held in the NRE / FCNR account, in the case of purchases on a repatriation basis or out of funds held in the NRE / FCNR / NRO account, in the case of purchases on a non-repatriation basis.

The FEMA Regulations also permit a registered FII to purchase, on repatriation basis, units of domestic mutual funds provided the FII restricts allocation of its total investment between equity and debt instruments in the ratio as applicable at the time of investments. Payment by the FII must be made either by inward remittance through normal banking channels or out of funds held in foreign currency account or non resident rupee account maintained by the FII with a designated branch of an authorised dealer with the approval of the RBI in terms of paragraph 2 of Schedule 2 to the FEMA Regulations.

Redemption by NRIs / FIIs

Units held by an NRI investor and FIIs may be redeemed by such investor by tendering Units to the Mutual Fund or for payment of maturity proceeds, subject to any procedures laid down by RBI from time to time. The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting

the rupee amount in foreign exchange in the case of transactions with NRIs / FIIs. Provisions with respect to NRIs/ FIIs stated above, is as per the AMC's understanding of the laws currently prevalent in India.

Delay in payment of redemption / repurchase proceeds

In the event of failure to despatch the redemption proceeds within 10 Business Days from the date of redemption or repurchase, the Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

Duration of the Scheme / Winding up

The AMC, the Fund and the Trustees reserve the right to make such changes / alterations to all or any of the Scheme (including the charging of fees and expenses) offered under this Scheme Information Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations a scheme may be wound up after repaying the amount due to the Unitholders:

- 1 On the happening of any event, which in the opinion of the Trustees, requires the Scheme to be wound up i.e. if HGIF Brazil Equity Fund or any other similar overseas mutual fund schemes are not available for investment by the Scheme, then the Scheme may be wound up.
- 1 If seventy five per cent (75%) of the Unitholders of the Scheme pass a resolution that the Scheme be wound up
- 1 If SEBI so directs in the interest of the Unitholders.

Where the Scheme is so wound up, the Trustees shall give notice of the circumstances leading to the winding up of the Scheme to:

- 1 SEBI and
- 1 In two daily newspapers having a circulation all over India and in one vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustees or the AMC, as the case may be, shall:

- 1 Cease to carry on any business activities in respect of the Scheme so wound up
- 1 Cease to create or cancel Units in the Scheme
- 1 Cease to issue or redeem Units in the Scheme

Procedure and Manner of Winding up

The Trustees shall call a meeting of the Unitholders of the relevant Scheme to approve by simple majority of the Unitholders present and voting at the meeting, resolution for authorising the Trustees or any other person to take steps for the winding up of the Scheme.

The Trustees or the person authorised as above, shall dispose of the assets of the Scheme concerned in the best interest of the Unitholders of the Scheme.

The proceeds of sale realised in pursuance of the above, shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.

On completion of the winding up, the Trustees shall forward to SEBI and the Unitholders, a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable, until winding up is completed or the Scheme cease to exist.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

C. PERIODIC DISCLOSURES

Net Asset Value

(This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.)

The AMC will calculate and disclose the first NAV of the Scheme within a period of 30 days from the closure of the NFO Period. Subsequently, the AMC will calculate and disclose the NAVs of the Scheme at the close of every Business Day. NAV of the Scheme / Option(s) shall be made available at all Investor Service Centres of the AMC. **The AMC shall have the NAV published in two daily newspapers.** The AMC shall update the NAVs on the website of the Fund www.assetmanagement.hsbc.com/in and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) latest by 10.00 a.m. on the next Business Day, due to differences in the time zones. In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of Business Hours on the following day due to any reason, the Fund shall issue a press release giving reasons and explaining when the Fund would be able to publish the NAVs. The NAV of the scheme will be determined on every Business Day, except under special circumstances specified in this Scheme Information Document.

Impact of overseas investment in the fund for NAV Calculations

HBEF intends to invest its assets in to overseas securities/ units of issued by overseas mutual funds or unit trusts. For instance, if HBEF invests in HGIF Brazil Equity Fund, the impact of the NAV of HBEF is illustrated below. It also demonstrates the inclusion of the NAV of the HGIF Brazil Equity Fund into HBEF.

Example

Collections at NFO (INR)		<u>A</u>	100,000,000
Purchase Price (INR)		B	10.0000
Units allotted to domestic investors	A / B	C	10,000,000.000
Collection Invested overseas (INR)		D	90,000,000
Exchange Rate (Rs/USD)		E	48
Amount in USD	D / E	F	1,875,000
NAV of Overseas Fund (USD)		G	11.75
Units allotted in the overseas fund	F / G	H	185,686.65
Amount invested locally in Money market fund (INR)	A – D	I	10,000,000
Yield on domestic investment		J	6%
Expense ratio		K	0.75%
AUM after one month			
Domestic Component (INR)	I + Interest in I	<u>L</u>	50,000
NAV of the Overseas Fund (USD)		M	11.87
Exchange Rate (Rs/USD)		N	48
Overseas Component (INR)	H x M x N	O	105,796,828
Expenses (for one month) (INR)-approximated at opening and closing AUM		P	64,327
AUM after one month	L + O - P	Q	105,782,501
NAV	Q / C	R	10.5783

Half yearly Disclosures: Portfolio / Financial Results

(This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.)

As presently required by the SEBI Regulations, the Fund shall before the expiry of 1 month from the close of each half year, that is as on 31 March and 30 September, publish its unaudited financial results in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Fund is situated and update the same on the Fund's website at

www.assetmanagement.hsbc.com/in and on AMFI's website at www.amfiindia.com, within 1 month from the close of each half year, in the formats as prescribed by SEBI.

The Fund shall before the expiry of 1 month from the close of each half year (31 March and 30 September) send to the Unitholders a complete statement of the Scheme's portfolios or if such statement is not sent to the Unitholders, it will be published by way of an advertisement in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The Scheme's portfolios shall also be displayed on the Fund's website at www.assetmanagement.hsbc.com/in, within 1 month from the close of each half year. The statement shall be in the format as prescribed by SEBI.

Half yearly Results

The Mutual Fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.

Annual Report

An abridged schemewise Annual Report of the Fund shall be mailed to all Unitholders as soon as may be but not later than 4 months from 31 March of each year. The abridged/ full schemewise Annual Report shall contain such details as are required under the Regulations/ Circulars issued thereafter. The abridged/ full schemewise Annual Report may be mailed to the investors' e-mail address, wherever provided (if so mandated) and the full schemewise Annual Report will be displayed on the AMC's website at www.assetmanagement.hsbc.com/in. A full copy of the Schemewise annual report shall be made available for inspection at the Head Office of the Fund and a copy shall be made available to the Unitholders on request, on payment of nominal fees if any.

Associate Transactions

For details of Associate transactions including dealing with associate companies, Investors are advised to please refer Statement of Additional Information.

Taxation

(The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.)

	Resident Investors	Mutual Fund
Tax on Dividend	Nil	@ 12.50% plus surcharge and Education Cess
Capital Gains:		
Long Term	10%** without Cost Inflation Index benefit or 20%** with Cost Inflation Index benefit	Nil
Short Term	Income tax rate Applicable to the Unit holders as per their income slabs**	Nil
**Plus surcharge @ 10% (where total income exceeds Rs. 10 lacs) and education cess of 3% in all cases.		

The scheme(s) shall bear the dividend distribution tax as per section 115R of Income Tax Act 1961. As per extant Income Tax regulations, dividends distributed by mutual funds are tax free in the hands of the investor. Any additional tax liability due to demand raised on the fund by the IT authorities and deemed payable would be borne by the scheme. Any additional tax liability due to demand raised on the Investor by the IT authorities and deemed payable would be borne by the respective investor.

SECTION IV

FEES AND EXPENSES

(This section outlines the expenses that will be charged to the schemes.)

A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The New Fund Offer expenses of the scheme will be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc as is given in the table below:

The AMC has estimated that upto 0.75% of the daily average net assets of the scheme will be charged as expenses. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund.

Particulars	(% of net assets)
Investment Management & Advisory Fee	0.05%
Custodial Fees	0.04%
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10%
Marketing & Selling Expenses including Agents Commission and statutory advertisement	0.03%
Brokerage & Transaction Cost pertaining to the distribution of units	0.50%
Audit Fees / Fees and expenses of trustees	0.01%
Costs related to investor communications	0.02%
Costs of fund transfer from location to location	—
Other Expenses*	—
Total Recurring Expenses	0.75%

(* To be specified as permitted under the Regulation 52 of SEBI (MF) Regulations)

* Other expenses: Any other expenses which are directly attributable to the Scheme(s), may be charged with approval of the Trustee within the overall limits as specified in the Regulations except those expenses which are specifically prohibited.

The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an investor in the Scheme will bear directly or indirectly. These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. The above expenses are subject to change and may increase / decrease as per actual and / or any change in the Regulations but the total recurring expenses that can be charged to the Scheme(s) will be subject to limits prescribed from time to time under the SEBI (MF) Regulations. Expenses over and above the permitted limits will be borne by the AMC.

HSBC GIF Brazil Equity Fund has various share classes and has different expenses for each such share class. The expenses are classified into Management & Distribution expenses and Operating expenses. The management & distribution expense for a retail share class like Share Class A is 1.75% whereas share class I, which is the institutional share class, has management & distribution fees of around 0.875% of the net assets. Further, the administrative, operating and servicing expenses for all classes are capped at 1% which is over and

above the management and distribution expenses. HGIF could change the expenses for the various share classes from time to time.

As required by SEBI Circular MFD/CIR No. 04/11488/2003 dated June 12, 2003 investors are informed that they shall bear the recurring expenses of the Scheme in addition to the expenses of the underlying scheme(s) in which the Scheme will make investment.

HBEF will charge expenses as per SEBI Guideline MFD/CIR.No 04/11488 /2003 dated 12 June 2003 and SEBI Circular SEBI/IMD/CIR No.7/104753/07, dated September 26, 2007. HBEF expenses in India, borne by the investors, will not exceed 0.75% of daily average net assets in HBEF and expenses of the underlying fund (HGIF Brazil Equity Fund or equivalent), borne by the investors, will not exceed 2.50% of weekly average net assets in HBEF. The investors will have to bear the expenses as mentioned above. The AMC may enter into a revenue sharing arrangement with HGIF Brazil Equity Fund or equivalent underlying fund/ Management Company for sharing of the investment management fee out of the fee charged by the underlying Funds' Management Company.

The recurring expenses of the HGIF Brazil Equity Fund or equivalent and other scheme(s) shall be as per the limits prescribed under sub-regulation 6 of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed thereunder. Subject to Regulations and this Scheme Information Document, expenses over and above the prescribed ceiling will be borne by the AMC. Currently, as per the Regulations, the maximum recurring expenses that can be charged to an income Scheme shall be subject to a percentage limit of average weekly net assets as in the table below:

First Rs. 100 crore	Next Rs. 300 crore	Next Rs. 300 crore	Over Rs. 700 crore
2.50%	2.25%	2.00%	1.75%

As per SEBI regulations, the AMC is entitled to an investment management and advisory fee at the rate of 1.25% per annum of the weekly average net assets outstanding in each accounting year for the scheme concerned, as long as the net assets do not exceed Rs. 100 crores (rupees one hundred crores only) and 1.00% of the excess amount over Rs. 100 crores (rupees one hundred crores only), where net assets so calculated exceed Rs. 100 crore (rupees one hundred crores only). For schemes launched on a no load basis, the AMC is entitled to collect an additional management fee not exceeding 1% of the weekly average net assets outstanding in each financial year.

C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC at www.assetmanagement.hsbc.com/in or may call at ISC.

Load Structure

Particulars	During NFO & the close ended period
Sales Load (Entry Load)*	Nil
Repurchase/ Redemption Load (Exit Load)**	1% if redeemed /switched out within 1 year from the date of investment. Otherwise Nil.
Maximum Switchover Fee	No load in case of switches between equity Schemes of HSBC Mutual Fund.

The exit load at the time of allotment of the Schemes of HSBC Mutual Fund shall also be charged on investments made by all investors including Fund-of-Funds Scheme(s). Bonus units and units issued on reinvestment of dividends shall not be subject to exit load for existing as well as prospective investors. The exit load set forth above is subject to change at the discretion of the AMC and such changes shall be implemented

prospectively. The above mentioned load structure shall be equally applicable to the special products such as HSBC SIP, HSBC SIP Plus, HSBC SEP and HSBC STP, etc. offered by the AMC.

* In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors assessment of various factors including the service rendered by the distributors.

** Pursuant to SEBI circular no. SEBI / IMD / CIR No. 6 /172445/ 2009 dated August 7, 2009 and SEBI circular no. SEBI / IMD / CIR No. 7 /173650 / 2009 dated August 17, 2009, in order to have parity among all classes of unit holders, no distinction among unit holders shall be made based on the amount of subscription while charging exit load and further such parity shall be made applicable at the portfolio level respectively.

All loads including Contingent Deferred Sales Charge (CDSC) for the Scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to Scheme, whenever felt appropriate by the AMC.

The investor is requested to check the prevailing load structure of the scheme before investing. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

Subject to the Regulations, the AMC /Trustees reserve the right to modify / alter the load structure. Such changes will be applicable prospectively. The changes may also be disclosed in the Statements of Account issued after the introduction of such load.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. At the time of changing the Load Structure:

(i) The addendum detailing the changes will be attached to the Scheme Information Document and Key Information Memorandum. The addendum will be circulated to all the distributors / brokers so that the same can be attached to all the Scheme Information Documents and Key Information Memorandum already in stock.

(ii) Arrangements will be made to display the changes / modifications in the Scheme Information Document in the form of a notice in all the Investor Service Centres and distributors / brokers' office.

(iii) The introduction of the Exit Load along with the details will be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the Account Statement or in the covering letter issued to the Unit holders after the introduction of such Load.

(iv) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

(v) Any other measures which the mutual funds may feel necessary.

The Redemption Price however, will not be lower than 93% of the NAV. Any imposition or enhancement of Load in future shall be applicable on prospective investments only. The difference between the Redemption price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.

Of the Exit Load or CDSC charged to the Investor, a maximum of 1% of the Redemption proceeds can be maintained in a separate account which can be used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Any balance is to be credited to the Scheme immediately.

The investor is requested to check the prevailing load structure of the Scheme before investing.

D. PROCEDURE FOR DIRECT APPLICATIONS

Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no Entry Load will be charged for all Mutual Fund Schemes.

Therefore, the procedure for Waiver of Load for Direct Applications is no longer applicable.

SECTION V

RIGHTS OF UNITHOLDERS

For details of Rights of Unitholders, please refer Statement of Additional Information.

SECTION VI

PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

- 1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.*

The Sponsor of HSBC Mutual Fund is HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956. Hence, this section is not applicable to an Indian Sponsor

- 2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.*

Penalties imposed by a financial regulatory body or government authority against the Sponsor and/ or the AMC and/ or the Board of the Trustees, for irregularities / violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law, during the last three years:

- The Sponsor was acting as a merchant banker under the SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 for an open offer made by Global Green Company Limited for the shares of Saptarishi Agro Industries Limited in the year 2000. Some of the shares of the target company were not listed at the time of the open offer but were stated as listed in the letter of offer. An enquiry is in progress under SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations 2002 for alleged contravention of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 and SEBI (Merchant Bankers) Regulations, 1992. The Sponsor has submitted that there has been no failure on the part of the Sponsor to comply with its obligations as a merchant banker. Subsequent to the enquiry officer's recommendation of a minor penalty i.e. the Sponsor be censured, a show cause notice has been issued by SEBI requiring the Sponsor to show cause as to why the said penalty should not be imposed. The Sponsor has reiterated its earlier stand and submitted that there has been no failure on the part of the Sponsor to comply with its obligations as a merchant banker. The Sponsor had sought a personal hearing before the Whole Time Member, SEBI; submissions were made by Sponsor's counsel at the hearing held on 5 September 2006. Subsequent to the hearing, an order dated 7 March 2007 was passed by SEBI imposing a minor penalty of censure on the Sponsor. Thereafter, Sponsor appealed against the said order before the Securities Appellate Tribunal, Mumbai on 23rd April 2007 which was admitted by the Securities Appellate Tribunal and the next date of hearing was scheduled for 11 December 2007. The Securities Appellate Tribunal heard the arguments of both Parties on the 11 and 12th of December, 2007 respectively and has further sought written arguments from both parties, which have been submitted to the Securities Appellate Tribunal on 14 December, 2007. Subsequent to the hearing held before SAT and submission of written arguments, an order dated 20 February 2008 was passed by SAT upholding SEBI's minor penalty of censure on Sponsor.
- The Sponsor was acting as a merchant banker under the SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 for an open offer made by India Star (Mauritius) Limited for the shares of Garware Offshore Services Limited in the year 2008. SEBI had initiated an enquiry against the Sponsor and thereby issued a Show Cause Notice dated 30 July 2008 calling upon the Sponsor to show cause as to why further action should not be taken against it for the violations alleged to have been committed by the Sponsor under Regulations 25 and 38 of the SEBI (Intermediaries) Regulations,

2008. The Sponsor had filed a detailed response in this regard on 10 September 2008 and had sought a personal hearing in the matter. Accordingly, submissions were made by the Sponsor at the hearing held on 6 October 2008. Pursuant to the said hearing, SEBI had vide its letter dated March 4, 2009, informed the Sponsor of the enquiry officer's recommendation i.e. the matter is not a fit case to levy any penalty. Thereafter, vide a letter dated 08 September 2009, SEBI informed HSCI that the enquiry proceedings initiated against HSCI pursuant to the show cause notice dated 30 July 2008 have been closed by SEBI.

- On the Sponsor: Fines of Rs. 5000 each for 4 quarters during 2002 to 2003, for 3 quarters in 2004 and for 2 quarters in 2005 by the Bombay Stock Exchange Limited, Rs. 10,000 each for 5 quarters during 2001 to 2002 and Rs. 5000 for 4 quarters during 2003 and 2004 and for 2 quarters in 2005 by National Stock Exchange for not fully complying with the requirements of collecting margins from all non-institutional clients. Exchanges/ depository levy fines from time to time on matters inherent to the stock broking business. Fines levied by National Stock Exchange in August 2006: Rs 5000/- notice board required to be displayed by NSE trading members, was not permanent in nature and Rs 5000/- for issuing Contract notes with trade data on a weighted average traded price basis.
- Sponsor, as a SEBI registered Stock Broker, has been mentioned as a party defendant in some litigations connected with the securities market. Sponsor has initiated action against RIL and the registered shareholders of 1587 shares restraining RIL from transferring the shares to the registered holders and directing the registered holders to transfer the shares in favour of Sponsor. Vide an order dated 24th August 2007 the Hon'ble High Court passed an order in favor of Sponsor declaring Sponsor as the beneficial owner of the shares as well as any benefits including dividends for the years 1995-96 and 1996-97 and bonus shares and right shares that may have accrued thereon.

3. *Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.*

On the Sponsor: Fines levied by National Stock Exchange in August 2006: Rs 5000/- NCFM certification for persons operating the dealing system of the exchange had expired in two cases.

On the Trustees of HSBC Mutual Fund, HSBC Mutual Fund, AMC & CEO: SEBI issued a Show Cause notice dated 7 August 2009 pertaining to the changes made in the Offer Document of HSBC Gilt Fund. SEBI has alleged in the said show cause notice that the change made to the name, benchmark index and duration of the Scheme would be construed as a change in the fundamental attribute of the Scheme and hence the applicable provisions of the SEBI (Mutual funds) Regulations, 1996 with respect to the same should have been complied with. The AMC has on behalf of the Trustees of HSBC Mutual Fund, HSBC Mutual Fund and CEO has responded to the Show Cause notice. The personal hearing before the Whole Time Member, SEBI, took place on 30 October 2009. The final outcome is awaited.

4. *Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.*

There is no pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund and/ or the AMC and/ or the Board of Trustees and/ or any of the directors and/ or key personnel is a party.

5. *Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.*

There are no deficiencies in the systems and operations of the Sponsor of the Mutual Fund and/ or the AMC and/or the Board of Trustees which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency to be disclosed in SID.

The above information has been disclosed in good faith as per the information available to the AMC.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

Notes:

1. Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of this Scheme Information Document shall prevail over those specified in this Scheme Information Document.
2. The Board of Trustees of HSBC Mutual Fund and Board of Directors of HSBC Asset Management (India) Private Limited approved the Scheme Information Document on 11 February 2010. The Board of Trustees has ensured that the Scheme is a new product offered by HSBC Mutual Fund and is not a minor modification of its existing scheme / fund / product.

For and on behalf of the Board of Directors of
HSBC Asset Management (India) Private Limited

sd/-

Vikramaaditya
Chief Executive Officer

Place: Mumbai

Date: _____ 2010