HSBC Global Asset Management

Scheme Information Document

HSBC Large and Mid Cap Equity Fund

(Large & Mid Cap Fund – An open ended equity scheme investing in both large cap and mid cap stocks)

Offer of Units of Rs. 10/- each during the New Fund Offer Period and at NAV based prices upon re-opening.

New Fund Offer Opens On: _____
New Fund Offer Closes On: _____
Scheme re-opens for continuous sale and repurchase on: _____

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI), along with 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 Centers / 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 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.co.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.co.in.

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

This Scheme Information Document is dated _____, 2019

Product Labelling: To provide investors an easy understanding of the kind of product / scheme they are investing in and its suitability to them, the product labelling is as under:

Scheme Name	Riskometer
HSBC Large and Mid Cap Equity Fund (Large & Mid Cap Fund – An open ended equity scheme investing in both large cap and mid cap stocks) **This product is suitable for investors who are seeking*:** ☐ Long term wealth creation and income ☐ Investment predominantly in equity and equity related securities and fixed income instruments * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 **Investors understand that their principal will be at Moderately High risk**

Sponsor:	Trustee:	Asset Management Company:
HSBC Securities and Capital Markets (India) Private Limited Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, India	Board of Trustees 16, V. N. Road, Fort, Mumbai 400 001, India	HSBC Asset Management (India) Private Limited Regd. & Corp. Office: 16, V. N. Road, Fort, Mumbai 400 001, India

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HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Scheme	**HSBC Large and Mid Cap Equity Fund (HLMEF)**
Type of Scheme	An open ended equity scheme investing in both large cap and mid cap stocks.
Investment Objective	To seek long term capital growth through investments in both large cap and mid cap stocks. However, there is no assurance that the investment objective of the Scheme will be achieved.
Liquidity	The Scheme will offer for purchase / switch-in and redemption / switch-out of units at NAV based prices on every Business Day on an ongoing basis. The Mutual Fund shall dispatch the Redemption proceeds within 10 business days from the date of acceptance of the Redemption request.
Benchmark Index	NIFTY LargeMidcap 250 TRI
Transparency / NAV Disclosure	The first NAV will be disclosed within 5 working days from the date of allotment. Subsequently, the NAV will be calculated and disclosed at the close of every Business Day except under special circumstances specified in this SID. NAV of the Scheme / Option(s) shall be made available at all Investor Service Centers of the AMC. The AMC shall update the NAVs under a separate head on the website of the Fund www.assetmanagement.hsbc.co.in and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 9.00 p.m. on every Business Day. 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. Further, AMC has extended the facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request for the same. For detailed process of receiving the latest NAV through SMS, please visit http://www.assetmanagement.hsbc.co.in.
Loads (including SIP / STP / SWP where applicable)	**Entry Load** – Not applicable* **Exit Load:** (i) Any redemption / switch-out of units within 1 year from the date of allotment shall be subject to 1% exit load. (ii) No Exit Load will be charged, if units are redeemed/switched-out after 1 year from the date of allotment. The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively *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 investor's assessment of various factors including the service rendered by the distributors. No exit load (if any) will be charged for units allotted under bonus / dividend reinvestment option.
Minimum Application Amount(Lump sum)	Rs. 5,000/- per application and in multiples of Re. 1/- thereafter
Minimum Additional investment	Rs 1,000/- per application and in multiples of Re. 1/- thereafter

Minimum Application Amount (SIP)	Minimum Investment Amount - Rs. 1000 (monthly) or Rs. 3000 (quarterly); Minimum no. of instalments - 12 (monthly) or 4 (quarterly); Minimum aggregate investment - Rs. 12,000.
Minimum Redemption Amount	Rs 1000/- and in multiples of Re. 1/- thereafter
Plan/Options	The Regular Plan and Direct Plan* shall be available under the Scheme. The Regular and Direct Plan will have two options viz. Growth and Dividend. Dividend option will have Dividend Payout and Reinvestment facilities. The Growth Option shall be default Option under the Plans of the Scheme. Brokerage/Commission paid to distributors and distribution expenses will not be charged under the Direct Plan. Both Plans along with the Options thereunder will have a common portfolio.
	*Investors may please note that the Direct Plan under the Scheme is meant for investors who understand the capital market, mutual funds and the risks associated therewith. The risks associated with the investments in the schemes of mutual funds may vary depending upon the investment objective, asset allocation and investment strategy of the Schemes and the investments may not be suited for all categories of investors. The AMC believes that investors investing under the Direct Plan of the Scheme are aware of the investment objective, asset allocation, investment strategy, risks associated therewith and other features of the Scheme and has taken an informed investment decision. Please note that SID, SAI, Key Information Memorandum or any other advertisements and its contents are for information only and do not constitute any investment advice or solicitation or offer for sale of units of the Scheme from the AMC.
Sub Options under Dividend option	Dividend Payout Option and Dividend Reinvestment Option. 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.

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.
- Investment 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 fluctuates, the value of your investment in the Schemes may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsor / AMC / Mutual Fund does not guarantee future performance of the Schemes.
- HSBC Large and Mid Cap Equity Fund is the name of the Scheme and do not in any manner indicate either the quality of the Scheme or their future prospects and returns.
- The Sponsor is not responsible or liable for any loss 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 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 Scheme.
- 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

In line with its investment objective, the scheme will be required to maintain a minimum exposure of 35% each to both the large cap and the mid cap market segments at all times regardless of the prevailing market conditions/outlook for these market cap segments. The universe for these market cap segments are as per the ranges provided in the section on "Definitions". These factors may impede the ability of the fund manager to align the portfolio in line with market expectations potentially exposing the Scheme to periods of volatile performance.

Risk factors associated with investing in Equity or Equity related Securities:

- Subject to the stated investment objective of the Scheme, the Scheme propose to invest predominantly in equity and equity related securities. Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. The Scheme will invest in both large cap and mid cap companies, Investors shall note that investing in Mid Cap stocks are riskier than investing in Large Cap Stocks.
- To the extent the assets of the Scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilization of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- As the Scheme may 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.

- As the Scheme may invest in stocks of different countries, the portfolio shall be exposed to the political, economic and social risks with respect to each country. However, the investment manager shall ensure that his exposure to each country is limited so that the portfolio is not exposed to one country. Investments in various economies will also diversify and reduce this risk.
- The Scheme will be exposed to settlement risk, as different countries have different settlement periods.
- The Scheme may also use various derivative products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

Risk factor associated with legal, tax and regulatory risk

- The Schemes could be exposed to changes in legal, tax and regulatory regime which may adversely affect it and / or the investors. Such changes could also have retrospective effect and could lead to additional taxation imposed on the Schemes which was not contemplated either when investments were made, valued or disposed of.

Risk factors associated with investing in Fixed Income Securities

Subject to the stated investment objective, the Scheme propose to invest in debt and related instruments and the risk factors pertinent to the same are:

- *Price-Risk or Interest Rate Risk:* As with all debt securities, changes in interest rates may affect the NAV of the Scheme as the prices of securities increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

  In the case of floating rate instruments, an additional risk could be due to the change in the spreads of floating rate instruments. If the spreads on floating rate papers rise, then there could be a price loss on these instruments. Secondly in the case of fixed rate instruments that have been swapped for floating rates, any adverse movement in the fixed rate yields vis-à-vis swap rates could result in losses. However, floating rate debt instruments which have periodical interest rate reset, carry a lower interest rate risk as compared to fixed rate debt instruments. In a falling interest rate scenario the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.
- *Liquidity or Marketability Risk:* This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market. HSBC monitor liquidity risk on an ongoing basis from both assets and liability side. The stress testing of the liquid and money market funds, as per SEBI guidelines is carried out on monthly basis.
- *Credit Risk:* Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk, corporate debentures are sold at a yield above those offered on Government Securities, which are sovereign obligations. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- *Reinvestment Risk:* This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- *Duration Risk:* Duration is a risk measure used to measure the bond / security price changes to potential changes in interest rates. Duration of portfolio x the expected changes in rates = the expected value change in the portfolio. Duration is more scientific measure of risk compared to average maturity of the portfolio. The higher the duration of the portfolio, the greater the changes in value (i.e. higher risk) to movement in interest rates. Modified duration is the duration of a bond / security given its current yield to maturity, put / call feature, and an expected level of future interest rates.
- *Benchmark Risk:* The floating rate segment of the domestic debt market is not very developed. Currently, majority of the issuance of floating rate papers is linked to NSE MIBOR. As the floating rate segment develops further, more benchmark rates for floating papers may be available in future. The fewer number of benchmark rates could result in limited diversification of the benchmark risk.
- Different types of securities in which the Scheme would invest as given in the SID carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern.

E.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

- *Prepayment Risk:* The risk associated with the early unscheduled return of principal on a fixed-income security. The early unscheduled return of principal may result in reinvestment risk.
- *Short Selling Risk:* The risk associated with upward movement in market price of security sold short may result in loss. The losses on short position may be unlimited as there is no upper limit on rise in price of a security.

Risk Factors associated with investments in Money Market instruments

- 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.

Risks associated with investing in Foreign Securities

- *Foreign Securities:* It is the AMC's belief that investment in foreign securities offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. 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 and interest rate exposure, 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, 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 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.

Risks associated with investing in Derivatives

- The Scheme may use derivative instruments like stock index futures, option on stocks, stock indices, interest rate swaps, forward rate agreements or other derivative instruments as permitted under the Regulations and guidelines.
- As and when the Scheme trade in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be perused by the fund manager involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Risks associated with investing in securitised debt

Securitised Debt: Securitised debt papers carry credit risk of the Obligors and are dependent on the servicing of the PTC / Contributions etc. However these are offset suitably by appropriate pool selection as well as credit enhancements specified by Rating Agencies. In cases where the underlying facilities are linked to benchmark rates, the securitised debt papers may be adversely impacted by adverse movements in benchmark rates. However this risk is mitigated to an extent by appropriate credit enhancement specified by rating agencies. Securitised debt papers also carry the risks of prepayment by the obligors. In case of prepayments of securities debt papers, it may result in reduced actual duration as compared to the expected duration of the paper at the time of purchase, which may adversely impact the portfolio yield. These papers also carry risk associated with the collection agent who is responsible for collection of receivables and depositing them. The Investment team evaluates the risks associated with such investments before making an investment decision.

The underlying assets in the case of investment in securitised debt could be mortgages or other assets like credit card receivables, automobile / vehicle / personal / commercial / corporate loans and any other receivables / loans / debt.

The risks associated with the underlying assets can be described as under:

Credit card receivables are unsecured. Automobile / vehicle loan receivables are usually secured by the underlying automobile / vehicle and sometimes by a guarantor. Mortgages are secured by the underlying property. Personal loans are usually unsecured. Corporate loans could be unsecured or secured by a charge on fixed assets / receivables of the company or a letter of comfort from the parent company or a guarantee from a bank / financial institution. As a rule of thumb, underlying assets which are secured by a physical asset / guarantor are perceived to be less risky than those which are unsecured. By virtue of this, the risk and therefore the yield in descending order of magnitude would be credit card receivables, personal loans, vehicle / automobile loans, mortgages and corporate loans assuming the same rating.

Risk associated with short selling and securities lending by scheme

- *Short Selling Risk:* The risk associated with upward movement in market price of security sold short may result in loss. The losses on short position may be unlimited as there is upper limit on rise in price of a security.
- *Securities Lending:* The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

Risks associated with transaction in Units through Stock Exchange mechanism

In respect of transactions in Units of the Scheme routed through the BSE StAR MF platform or any other recognised stock exchange platform as intimated by the AMC, allotment and redemption of Units on any Business Day will depend upon the order processing/settlement by BSE, or such other exchange and their respective clearing corporations on which the Fund has no control. Further, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by BSE or such other recognised exchange in this regard.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEMES / PLANS OF MUTUAL FUNDS

The Scheme 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) 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

- 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 scheme's 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.
- 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".
- 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.
- The Scheme at times may receive large number of redemption requests which may have an adverse impact on the performance of the Scheme 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.
- The tax benefits described in this SID 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.
- Neither this SID nor the Units of the Scheme have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this SID are required to inform themselves about, and to observe, any such restrictions.
- Prospective investors should review / study this SID 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.

- The 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 SID 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 SID 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 SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- To the best of the knowledge and belief of the Trustees and the AMC, information contained in this SID is in accordance with the SEBI regulations and the facts stated herein are correct and this SID does not omit anything likely to have an impact on the importance of such information.
- In accordance with the SEBI Regulations, an AMC subject to certain conditions, is permitted to undertake activities in the nature of portfolio management services and management and advisory services to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund. Subject to these activities being assessed as desirable and economically viable, the AMC may undertake any or all of these activities after satisfying itself that there is no potential conflict of interest. With regard to the above provision, the AMC confirms that there is no conflict of interest between its Mutual Fund and Portfolio Management Services business.

Compliance under FATCA

India has executed an Inter-Governmental Agreement (IGA)with the U.S. and the Fund intends to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations. In order to comply with its FATCA obligations, the Fund will be required to obtain certain information from its investors so as to ascertain their U.S. tax status. If the investor is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, the Fund may need to report information on these investors to the appropriate tax authority, as far as legally permitted. If an investor or an intermediary through which it holds its interest in the Fund either fails to provide the Fund its agents or authorised representatives with any correct, complete and accurate information that may be required for the Fund to comply with FATCA or is a NPFFI, Fund may be required to provide information about payment to NPFFI to upstream payor to enable them to make the appropriate FATCA withholding on NPFFIs. Further, we may be compelled to sell its interest in the Fund or, in certain situations, the investor's interest in the Fund may be sold involuntarily. The Fund may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Fund deems appropriate or necessary to comply with FATCA, subject to this being legally permitted under the IGA or the Indian laws and regulations. FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Fund will, seek additional information from investors while accepting applications, in order to ascertain their U.S. Person status. The Fund will not accept applications which are not accompanied with information / documentation required to establish the U.S. Person status of investors. Investors are therefore requested to ensure that the details provided under Section "Confirmation under Foreign Account Tax Compliance Act (FATCA) for determining US person status" of the application form are complete and accurate to avoid rejection of the application (updated forms are available with ISCs or on Fund's website – www.assetmanagement.hsbc.co.in).

Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In the event of any conflict or inconsistency between any of these Terms and Conditions and those in any other service, product, business relationship, account or agreement between investor and HSBC, these terms shall prevail, to the extent permissible by applicable local law. If all or any part of the provisions of these Terms and Conditions become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms and Conditions in that jurisdiction. These Terms and Conditions shall continue to apply notwithstanding the death, bankruptcy or incapacity of the investor, the closure of any investor account, the termination of HSBC's provision of the Services to the investor or the redemption of the investor's investment in the Fund.

Common Reporting Standards

India has joined the Multilateral Competent Authority Agreement (MCAA) on automatic exchange of financial information in Tax Matters, commonly known as Common Reporting Standards ('CRS'). All countries which are signatories to the MCAA are obliged to exchange a wide range of financial information after collecting the same from financial institutions in their jurisdiction.

In accordance with Income Tax Act read with SEBI Circular nos. CIR/MIRSD/2/2015 dated August 26, 2015 and CIR/MIRSD/3/2015 dated September 10, 2015 regarding implementation of CRS requirements, it shall be mandatory for all new investors to provide details and declaration pertaining to CRS in the application form, failing which the AMC shall have authority to reject the application.

Compliance with Volcker Rule

The Volcker Rule is a part of the U.S. Dodd Frank Act which prohibits U.S. banks from proprietary trading and restricts investment in hedge funds and private equity by commercial banks and their affiliates. HSBC Holdings plc, is a U.S. regulated bank holding company and any entity (company, fund, trust, partnership etc.) located anywhere in the world, that is directly or indirectly controlled by the parent company is subject to the Volcker Rule. The Volcker Rule is effective from July 21, 2015. As part of HSBC's Volcker Conformance obligations, the Fund is required to implement a Compliance Programme to ensure on-going compliance with the Volcker Rule and the AMC must ensure that no HSBC affiliate (fund or business entity) invests in the Fund unless it has implemented necessary controls to ensure that the ownership limits, in line with the Volcker Rule, can be met. Hence, the Scheme may not be able to accept subscriptions from HSBC group entities into the Scheme, aggregating to more than 25% of the voting rights of the Scheme. In the event of the aggregate investment by HSBC group entities crossing the above limits, the AMC will have the discretion to reject any subscription/switch applications received or redeem any excess exposure by the group entities in the Scheme, to be in compliance with the Volcker Rule.

Interpretation

- For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:
- The terms defined in this SID 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." or "r" refer to Indian Rupees. A "crore" means
- "Ten million" and a "lakh" means a "hundred thousand".
- References to timings relate to Indian Standard Time (IST).
- The contents of the SID are applicable to all the Scheme covered under this SID, unless specified otherwise.

D. DEFINATIONS

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

ADRs and GDRs	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. 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.
Asset Management Company or AMC or Investment Manager	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 the Mutual Fund.
Applicable NAV	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.
Business Day	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 (3)) a day on which the sale and / or redemption and / or switches of Units is suspended by the Trustees / AMC and / or (4) 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. The AMC reserves the right to change the definition of Business Day(s). Provided that 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.
Custodian	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, which for the time being is Standard Chartered Bank (SCB).
Cut –off Time	Cut off Time in relation to Subscription and Redemption of units means the outer limits of timings on a particular Business Day which are relevant for determination of Applicable NAV that is to be applied for the transaction.
Call Option	Call option is a financial contract between two parties, the buyer and the seller of the option. The call allows the buyer the right (but not the obligation) to buy a financial instrument (the underlying instrument) from the seller of the option at a certain time for a certain price (the strike price). The seller assumes the corresponding obligations.
Designated Collection Centre	Such centres as may be designated by the AMC for collection of subscriptions and / or redemptions and / or switches in the Scheme.

Direct Plan	Direct Plan is a plan available for investors who purchase/subscribe units in a scheme directly with the Fund i.e. investments / applications not routed through the Distributor
Depository	Depository as defined in the Depositories Act, 1996
Derivatives	A financial instrument, traded on or off an exchange, the price of which is directly dependent upon (i.e., "derived from") the value of one or more underlying securities, equity indices, debt instruments, commodities, other derivative instruments, or any agreed upon pricing index or arrangement (e.g., the movement over time of the Consumer Price Index or freight rates) etc. is known as a derivative. Derivatives involve the trading of rights or obligations based on the underlying product, but do not directly transfer property.
Distributor	Such persons / firms / companies / corporates as may be empanelled by the AMC to distribute / sell / market the Schemes of the Fund.
Dividend	Income distributed by Scheme on the Units, where applicable.
Equity related securities	Convertible Debentures, Equity Warrants, Convertible Preference Shares, Foreign Currency Convertible Bonds (FCCBs), Equity Mutual Funds etc. are considered equity related securities.
Foreign Institutional Investor / FII	Foreign Institutional Investor, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
Foreign Portfolio Investor / FPI	An entity registered with designated depository participant under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended from time to time.
Floating Rate Instruments	Floating rate instruments are debt / money market instruments issued by Central / State Governments, Corporates, PSUs etc. with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Fund.
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 counter party 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.
HSCI or Sponsor or Settlor	HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956.
Investment Management Agreement	The Agreement dated February 7, 2002 entered into between the Trustees of the 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.
Large Cap	1st -100th company in terms of full market capitalization.
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).
Mid Cap	101st - 250th company in terms of full market capitalization
Money Market Instruments	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, Tri-party REPO (TREPS) and any other like instruments as specified by the Reserve Bank of India from time to time.
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 SID or as may be prescribed by the Regulations from time to time.
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. The Registrar is registered with SEBI under registration No: INR000002813 with its registered address at New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.
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.

Scheme / The Scheme	HSBC Large and Mid Cap Equity Fund (including, as the context permits, the Plans / Options / Sub-options)
Scheme Information Document (SID)	This document issued by the Mutual Fund, offering units of the Scheme of the Mutual Fund, for subscription.
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.
SIP	Systematic Investment Plan
SEP / SWP	Systematic Encashment / Withdrawal Plan
Small Cap Companies	251st company onwards in terms of full market capitalization.
STP	Systematic Transfer Plan
Switch	Sale of a Unit(s) in one Scheme / Plan(s) / Option(s) against purchase of a Unit(s) in another Scheme / Plan(s) / Option(s).
Stock Exchange Platform for Mutual Funds	Mutual Fund Service System (MFSS) of NSE and / or BSE Stock Exchange Platform for Allotment and Repurchase' of Mutual Fund (BSE StAR MF) of BSE. The transactions carried out on the above platform(s) shall be subject to such guidelines and directives as may be issued by the respective stock exchanges and also, SEBI (Mutual Funds) Regulations, 1996 and circulars / guidelines issued thereunder from time to time.
Tri-party Repo	Repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.
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 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 SID.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

Due Diligence Certificate

It is confirmed that:

i) The SID 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 SID 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 SID 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/-

Sumesh Kumar
Chief Compliance Officer

Place: Mumbai

Date: January 28, 2019

A. TYPE OF THE SCHEME

An open ended equity scheme investing in both large cap and mid cap stocks.

B. INVESTMENT OBJECTIVE

To seek long term capital growth through investments in both large cap and mid cap stocks. However, there is no assurance that the investment objective of the Scheme will be achieved.

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	
Equities & Equity related securities	80%	100%	Medium to High
Out of which: a) Large Cap Companies	35%	65%	
b) Mid Cap Companies	35%	65%	
c) Other than Large Cap and Mid Cap Companies	0%	30%	
Debt instruments & Money Market instruments (including Cash & Cash equivalents)	0%	20%	Low to medium

If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the corpus of the Scheme and if the Scheme decides to invest in ADRs / GDRs issued by Indian Companies and foreign securities in line with SEBI stipulation, it is the intention of the Investment Manager that such investments will not, normally exceed 30% of the assets of the Scheme. The Scheme shall have derivative exposure as per the SEBI regulations issued from time to time. However, the Scheme does not intend to write call options under covered call strategy. Further, derivatives exposure shall not exceed 50% of the net assets of the scheme.

The Scheme may review the above pattern of investments based on views on the equity and debt markets and asset liability management needs and the portfolio shall be reviewed and rebalanced on a regular basis. However, at all times the portfolio will adhere to the overall investment objective of the Scheme.

The Scheme will adopt the list of Large Cap companies as well Mid Cap companies as defined by SEBI, from time to time. Presently as per SEBI circular no. SEBI/ HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/ HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 Large Cap companies will comprise of companies from 1st to 100th companies in terms of full market capitalization and Mid Cap companies will comprise of companies from 101st to 250th companies in terms of full market capitalization. The Fund would adopt the list of Large and Mid Cap companies prepared by AMFI for this purpose in accordance with the SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017. If there is any updation in the list of Large and Mid Cap companies, the fund would rebalance its portfolio (if required) in line with the updated list, within a period of one month.

Investors may note that securities which provide higher returns typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.

D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be invested in equity, equity related and various fixed income securities. The Scheme will have flexibility to invest across large, mid and small cap companies. The Fund will also invest in fixed income instruments such as government securities, corporate bonds, non-convertible debentures and money market instruments.

Subject to the Regulations and other prevailing laws as applicable, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

- Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- ADRs / GDRs issued by the Indian companies, subject to the guidelines issued by the Reserve Bank of India and Securities and Exchange Board of India.
- Foreign Securities as may be permitted by SEBI / RBI
- Derivative Instruments as may be permitted by SEBI / RBI.
- Securities issued / guaranteed by the Central, State and local governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Indian Depository Receipts (IDR) issued by foreign companies, subject to the guidelines issued by the Reserve Bank of India and Securities and Exchange Board of India.
- Debt obligations of domestic government agencies and statutory bodies, which may or may not carry a Central / State Government guarantee
- Corporate debt (of both public and private sector undertakings)
- Debt obligations of banks (both public and private sector) and financial institutions
- Money market instruments permitted by SEBI and / or RBI, having residual maturities of up to 1 year
- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- Bills of Exchange / Promissory Notes
- Securitised Debt
- TREPS & reverse repos
- Floating rate debt instruments
- Repurchase and reverse repurchase obligations in securities
- The non-convertible part of convertible securities
- Any other domestic fixed income securities
- Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables
- Any other instruments as may be permitted by RBI / SEBI / such other Regulatory Authorities from time to time.
- The Scheme shall not participate in repo in corporate debt securities until it complies with the requirements as stated under SEBI circular no. CIR/IMD/DF/19/2011 dated November 11, 2011.
- The Scheme may participate in securities lending as permitted under the Regulations.
- The Scheme may invest in other Scheme(s) 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 such investments.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through New Fund Offers (NFOs), secondary market operations and private placement, rights offers or negotiated deals.

Portfolio re-balancing

Any changes in the investment pattern will be for short term and defensive considerations and the Fund Manager will rebalance the portfolio within 30 days from the date of deviation. Where the portfolio is not rebalanced within

30 days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Internal Investment Committee shall then decide on the course of action.

Change in Investment Pattern

Subject to the Regulations, the asset allocation pattern indicated above for the Scheme may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders, 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 SID.

Securities / Stock Lending by the Mutual Fund

Subject to the Regulations and the applicable guidelines, the Scheme and the Plan(s) there under may, if the Trustees permit, engage in securities / stock lending. Securities / stock lending means the lending of securities / stocks to another person or entity for a fixed period of time, at a negotiated compensation. The borrower will return the securities / stock lent on expiry of the stipulated period. Please refer to risks attached with securities lending. The Scheme, under normal circumstances, shall not have exposure of more than 50% of its net assets in securities / stock lending. The Scheme may also not lend more than 50% of its net assets to any one intermediary to whom securities / stocks will be lent. Securities / Stock Lending could be considered for the purpose of generating additional income to unit holders on the longer term holdings of the Scheme. The AMC shall report to the Trustees on a quarterly basis as to the level of lending in terms of value, volume and the names of the intermediaries and the earnings / losses arising out of the transactions, the value of collateral security offered etc.

Special Considerations

The Scheme may also use various derivative products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Trading in Derivatives

SEBI has permitted all mutual funds to participate in derivatives trading subject to observance of guidelines issued by it in this behalf. Pursuant to this, mutual funds may use various derivative products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Accordingly, the Fund may use derivative instruments like stock index futures, options on stocks, stock indices, interest rate swaps, forward rate agreements or such other derivative instruments as may be introduced from time to time as permitted under the Regulations and guidelines. However, the Scheme does not intend to write call options under covered call strategy.

i) Risks

Risk associated with Interest Rate Swaps and Forward Rate Agreements is the movement in interest rates inverse to the position taken. Whereas, risk associated with Index Futures, Stock Futures, Index Options and Stock Options is the movement in market prices inverse to the position taken (along with the time decay in the prices of the Options in case of Index Options and Stock Options).

Investments in derivatives shall adhere to the restrictions as specified by SEBI vide circulars / guidelines issued from time to time.

ii) Scheme specific exposure to Derivatives

The Scheme shall have derivative exposure as per the SEBI Guidelines issued from time to time. However, the Scheme does not intend to write call options under covered call strategy.

iii) The position limits are as under:

Position limit for Mutual Fund in index options contracts

- The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.

- This limit would be applicable on open positions in all options contracts on a particular underlying index.

Position limit for Mutual Fund in index futures contracts:

- The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- This limit would be applicable on open positions in all futures contracts on a particular underlying index.

Additional position limit for hedging:

- In addition to the position limits in index options and index futures contracts above, the Mutual Fund may take exposure in equity index derivatives subject to the following limits:
- Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
- Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

Position limit for Mutual Fund for stock based derivative contracts:

- The combined futures and options limits shall be 20% of the applicable Market Wide Position Limit (MWPL).

Position limit for each scheme of a Mutual Fund:

The scheme-wise position limit / disclosure requirements shall be:

- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
    - 1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

  This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Fund and the benefits and risks attached therewith. Please note that the examples have been given for illustration purposes only.

Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA)

- ***Benefits*** - Certain segments of the Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Fund remains in call market for the liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.
- ***IRS*** - An IRS is an agreement between two parties (counter parties) to exchange, on particular dates in the future, one series of cash flows (fixed interest) for another series of cashflows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cashflows need not occur on the same date. As floating rate instruments tend to be relatively less liquid, swapping a fixed rate instrument into floating returns can help in improving the liquidity of the fund.
- ***FRA*** - A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of

FRAs is that the only payment is the difference between the FRA rate and the reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchanged.

- ***Basic Structure of a Swap*** - Assume that the Scheme has a Rs. 20 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the "benchmark rate" (MIBOR), which is fixed by the National Stock Exchange (NSE) or any other agency such as Reuters. This swap would effectively lock-in the rate of 12% for the next 6 months, eliminating the daily interest rate risk. This is usually routed through an intermediary who runs a book and matches deals between various counterparties.

The steps will be as follows:

Assuming the swap is for Rs. 20 crores from June 1, 2001 to December 1, 2001. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).

On 1 June, 2001 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Securities Dealers Association (ISDA).

On a daily basis, the benchmark rate fixed by NSE will be tracked.

On December 1, 2001 the following will be calculated:

The Scheme is entitled to receive interest on Rs. 20 crores at 12% for 184 days i.e. Rs. 1.21 crores, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.

The counterparty is entitled to receive daily compounded call rate for 184 days & pay 12% fixed.

On December 1, 2001, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 crores, the Scheme will pay the difference to the counter party. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.

Effectively the Scheme earns interest at the rate of 12% p.a. for 6 months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 crore, without borrowing for 6 months fixed.

Risks

Interest Rate Swaps and Forward Rate Agreements have its own drawbacks like credit risk, settlement risk and interest rate risks. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

Index Futures

Benefits

Investment in stock index futures can give exposure to the index without directly buying the individual stocks. Appreciation in index stocks can be effectively captured through investment in Stock Index Futures.

The Fund can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

The stock index futures are instruments designed to give exposure to the equity market indices. The Bombay Stock Exchange and the National Stock Exchange have started trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and interest rates.

Illustration

Spot Index: 1070

1 month Nifty Future Price on day 1: 1075

Fund buys 100 lots

Each lot has a nominal value equivalent to 200 Units of the underlying index

Situation 1

Let us say that on the date of settlement, the future price = closing spot price = 1085

Profits for the Fund = (1085-1075) x 100 lots x 200 = Rs. 200,000

Situation 2

Let us say that on the date of settlement, the future price = Closing spot price = 1070

Loss for the Fund = (1070-1075) x 100 lots x 200 = (Rs. 100,000)

The net impact for the Fund will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the Fund will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures (based on notional value) are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

Buying Options

Benefits of buying a call option

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Fund buys a 1 month call option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs. 191. The Fund will have to pay a premium of say Rs. 15 to buy this call. If the stock price goes below Rs. 190 during the tenure of the call, the Fund avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Fund gives up the premium of Rs. 15 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, it can exercise its right and own Hindustan Lever at a cost price of Rs. 190, thereby participating in the upside of the stock.

Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him / her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Fund owns Hindustan Lever and also buys a three-month put option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs. 191. The Fund will have to pay a premium of say Rs. 12 to buy this put.

If the stock price goes below Rs. 190 during the tenure of the put, the Fund can still exercise the put and sell the stock at Rs. 190, avoiding therefore any downside on the stock below Rs. 190. The Fund gives up the fixed premium of Rs. 12 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, say to Rs. 220, it will not exercise its option. The Fund will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 220.

Strategies for fixed income derivatives

1. Bond - Swap: Under this strategy, the fund manager pays fixed rate on Overnight Indexed Swap (OIS) against an underlying bond of a similar or greater tenor and receives Mumbai Inter-Bank Offer Rate (MIBOR). This is essentially done for hedging interest rate risk or for rebalancing portfolio allocation to fixed and floating rate bonds. Effectively, through this trade the fund manager is able to convert a fixed rate bond into a floating rate MIBOR linked instrument. The trade has exposure to 'basis movement' - the relative movement of bond versus OIS.

2. Receive OIS: Here the fund manager receives fixed rate on OIS against either cash or a floating rate bond of a similar or greater tenor, and pays MIBOR. The objective is to rebalance portfolio in favor of fixed rate exposure.

3. Curve Steepener: This strategy aims to capture a potential steepening of the curve between any 2 tenors: say, 1 and 5 years. For example, the fund manager can receive fixed rate on 1 year OIS (against cash or floating rate bond) and pay fixed rate on 5 year OIS (against fixed rate bond). However, apart from the relative spread between the 5 year and 1 year OIS, the trade is also exposed to relative duration for the 2 tenors as well as basis risk on the bond-swap (in this example, the 5 year bond-swap).

4. Curve Flattener: This strategy aims to capture a potential flattening of the curve between any 2 tenors: say 1 and 5 years. For example, the fund manager can pay fixed rate on 1 year OIS (against fixed rate bond) and receive

fixed rate 5 year OIS (against cash or floating rate bond). Like mentioned above, the trade is also exposed to duration as well as basis risk.

Valuation of Derivative Products

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

Guidelines for investments in securitized debt

a) How the risk profile of securitized debt fits into the risk appetite of the Scheme?

Objective of debt portion of the Scheme is to invest in high quality debt instruments like gilts, corporate bonds and money market instruments which would give accrual as well as capital appreciation over the period. Tenor of investments would depend on interest rate conditions and Fund Manager's view.

The Scheme may invest in securitized debt provided there are suitable opportunities available from time to time. Primarily the reasons for making such investments are:

- To increase the yield of the portfolio;
- Provide access to good quality highly rated debt;
- Diversification to multiple asset classes to spread out risk;

Securitized debt can give access to exposures to various asset backed receivables like mortgage loans, auto loans, commercial vehicle loans etc which may not be directly available.

Hence, investing in good quality rated securitized debt would fit the risk profile of the Scheme, as it can give high yield and capital appreciation. The twin concerns for securitized debt (single loan / asset pool PTCs) would be credit and liquidity risks. For consideration of investment, the securitized debt would be of high rating (at the time of investment) and of maturity within the risk limits framed for the scheme.

b) Policy relating to originators based on nature of originator, track record, NPA's, losses in earlier securitized debt, etc

Credit quality of an originator will be evaluated on number of parameters. The focus of the analysis encompasses significant credit events in terms of default risk as well as variation in credit quality over time. The parameters evaluated would include (but not be limited to):

- Track record of historical Pass through Certificates issued by Originator;
- Willingness to pay, through credit enhancement facilities and ability to pay;
- Business Risk Assessment including Economic Setting as well as Industry Analysis in terms of the competitive dynamics of the market in which the company / issuer operates;
- Originator reputation and quality of management; and
- Detailed Financial Analysis of the issuer and rating of issuer.

c) Risk mitigation strategies for investments with each kind of originator

Apart from analysis of asset pool characteristics, an analysis on the strength of the originator would be carried out. This analysis would be in accordance with the internal credit approval process which follows a multi-pronged approach on analysis and approval of any credit. A combination of qualitative and quantitative factors would be considered for assessment and a credit score would be arrived on the same basis. Additionally for securitized debt, factors such as size, reach, loan pool concentrations, historical collection efficiency metrics and track record would also be considered. For investment by the Scheme, internal risk limits on allowable exposure to asset backed securities would be put. Additionally, there would be exposure limits based on asset pools (such as housing,

automobile, two wheelers, and personal loans) which would negate concentration risk and overexposure of a particular asset class.

d) The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

For each originator's pass through certificates under consideration, risk measures such as asset type, pool structure, historical default rates, credit enhancements, average loan ticket size, geographical concentrations, collection efficiencies, pool seasoning and rating is considered. Analysis would focus on three areas:

i. Analysis of underlying collateral:

Fixed / floating rate pricing, special pricing structures such as teaser rates, if any, provisos for lender to change rates;

Geographic / demographic diversification of assets;

Portfolio Seasoning;

Specific Default - Recovery drivers for each asset class.

ii. Analysis of ABS structure:

Senior / subordinate tranches structure;

Over collateralization;

Cash Collateral and operation of the same in terms of separate account under control of SPV trustees;

Guarantee or Corporate Undertaking.

iii. Analysis of entities involved;

Servicer;

Originator;

Guarantor.

e) Minimum retention period of the debt by originator prior to securitization

Though no minimum retention period is specified as such, pool seasoning, credit enhancements like cash collateral etc. and extant interest of the originator would be analysed so that originator bears adequate extent of pool risk and for estimating pool quality.

f) Minimum retention percentage by originator of debts to be securitized

No minimum retention percentage is specified. Retention percentages which form as support tranche held by the originator is given importance while analysing the strength of the security and securitized structure.

g) The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

As and when such investments are made, mechanism would be put in place for review of transactions and take necessary steps to avoid conflict, or to rectify it.

h) In general the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The AMC has a credit committee in place, which assesses credits. The risk team monitors the credit exposures of approved issuers. The AMC/ Trustee may review and modify the above provisions from time to time as deemed fit subject to regulations.

E. INVESTMENT STRATEGY

Investment Approach and Risk Control

The aim of HSBC Large and Mid Cap Equity Fund is to seek growth and deliver above benchmark returns by providing long-term capital growth from an actively managed portfolio, comprising primarily large cap and mid cap stocks. The Scheme aims to be predominantly invested in equity and equity related securities.

The Scheme will endeavor to achieve this by maintaining a minimum of 80% allocation to equity and equity related securities out of which allocation of at least 35% each will be towards large cap stocks and mid cap stocks. The Scheme will allocate the balance portion primarily towards all cap equity. Investment could also be made towards fixed income securities including money market instruments.

A top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be based on the Investment Team's analysis of business cycles, regulatory reforms, competitive advantage etc. The fund manager in selecting stocks will focus on the fundamentals of the business including profitability, the industry structure, the quality of management, sensitivity to economic factors, the financial strength of the company, valuation and the key earnings drivers. The Scheme will maintain a diversified portfolio spread across various industries / sectors in order to mitigate the concentration risk.

As per the asset allocation pattern indicated above, for investment in debt securities and money market instruments, the Scheme may invest a part of its portfolio in various debt securities issued by corporates and / or state and central government. Such government securities may include securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by GOI / state government in some other way.

With the aim of controlling risks, rigorous in depth credit evaluation of the instruments proposed to be invested in will be carried out by the Investment Team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as long-term financial health of the issuer. The AMC will also be guided by the ratings of rating agencies such as CRISIL, CARE and ICRA or any other rating agency as approved by the regulators.

The Scheme may invest in other Scheme(s) 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 such investments.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. Risk will also be reduced through adequate diversification of the portfolio.

Procedure followed for Investment Decisions

The Fund Manager of the Scheme is responsible for making buy / sell decisions in respect of the securities in the Scheme's portfolio and to develop a well-diversified portfolio with the aim of achieving the investment objective of the Scheme. The investment decisions are made after taking into consideration the market conditions and all relevant aspects.

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 reporting 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 objective 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.

The AMC reserves the right to modify, alter, add, delete any internal limits from time to time, in accordance with Group policies.

The Chief Investment Officer and Fund Manager - Equities present to the Board of the AMC and the Trustees periodically, the performance of the Scheme. The performance of the Scheme will be reviewed by the Boards with reference to its appropriate benchmark.

However, the Scheme's performance may not be strictly comparable with the performance of its benchmark 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 Chief Investment Officer and Fund Manager - Equities 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 will explain to the Trustees, the details on the Scheme's performance vis-à-vis the benchmark returns.

The AMC will keep a record of all investment decisions.

Investments by the AMC in the Scheme

The AMC may invest in the Scheme at any time during the continuous offer period 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.

Product Differentiation

Sr. No	Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	AUM as on 31.12.2018 (Rs. in crores)	Folios as on 31.12.2018
1	**HSBC Large Cap Equity Fund (HLEF)** (Large Cap Fund – An open ended equity scheme predominantly investing in large cap stocks)	To generate long-term capital growth from an actively managed portfolio of equity and equity related securities of predominantly large cap companies. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved	The aim of HSBC Large Cap Equity Fund is to deliver above-benchmark returns by providing long-term capital growth from an actively managed portfolio, mainly comprising companies registered in and / or listed on a regulated market of India. The Scheme will invest at least 80% in large cap companies and may also invest in equity and equity related instruments of companies	This Scheme seeks to invest primarily into large cap Indian equity stocks. The large cap companies will comprise of companies from 1st to 100th companies in terms of full market capitalization.	688.03	33157

Sr. No	Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	AUM as on 31.12.2018 (Rs. in crores)	Folios as on 31.12.2018
			other than large cap companies.			
2	**HSBC Multi Cap Equity Fund (HMEF)** (Multi Cap Fund – An open ended equity scheme investing across large cap, mid cap, small cap stocks)	To seek long term capital growth through investments across all market capitalizations, including small, mid and large cap stocks. The fund aims to be predominantly invested in equity and equity related securities. However, it could move a significant portion of its assets towards fixed income securities if the fund manager becomes negative on equity markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.	The aim of HMEF is to seek aggressive growth and deliver above-benchmark returns by providing long-term capital growth from an actively managed portfolio, mainly comprising a judicious mix of small, mid and large cap stocks. Income is not a primary consideration in the investment policies of HMEF. The Scheme aims to be predominantly invested in equity and equity related securities. However, it could move a significant portion of its assets towards fixed income securities if the fund becomes negative on equity markets.	This Scheme seeks to invest primarily into Indian equity stocks with no market capitalization or other biases.	552.17	22082
3	**HSBC Small Cap Equity Fund (HSEF)** (Small Cap Fund - An open ended equity scheme	To generate long term capital growth from an actively managed portfolio of equity and equity related	The aim of HSBC Small Cap Equity Fund is to deliver above-benchmark	It seeks to invest primarily into small cap Indian equity stocks which makes the Scheme	755.07	19582

Sr. No	Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	AUM as on 31.12.2018 (Rs. in crores)	Folios as on 31.12.2018
	predominantly investing in small cap stocks)	securities of predominantly small cap companies. However, it could move a portion of its assets towards fixed income securities if the fund manager becomes negative on the Indian equity markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.	returns by providing long-term capital growth from an actively managed portfolio, primarily comprising of small cap stocks. The Scheme aims to be predominantly invested in small cap equity and equity related securities and may also invest in equity and equity related securities of other than small cap companies. However, it could move a portion of its assets towards fixed income securities if the fund becomes cautious or negative on equity markets.	different from other equity Schemes of the Fund. The small cap companies will comprise of companies from 251st company onwards in terms of full market capitalization.		
4	**HSBC Infrastructure Equity Fund (HIEF)** An open ended equity scheme following Infrastructure theme.	To generate long term capital appreciation from an actively managed portfolio of equity and equity related securities by investing predominantly in equity and equity related securities of companies engaged in or	The aim of HSBC Infrastructure Equity Fund is to deliver above benchmark returns by providing long-term capital growth from an actively managed portfolio, primarily	The scheme seeks to invest in the sectors that are beneficiaries of the infrastructure growth and economic reforms expected in the country in the coming years.	114.01	24018

Sr. No	Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	AUM as on 31.12.2018 (Rs. in crores)	Folios as on 31.12.2018
		expected to benefit from growth and development of Infrastructure in India. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.	comprising of stocks of companies engaged in or expected to benefit from growth and development of Infrastructure in India.			
5	**HSBC Tax Saver Equity Fund (HTSF)** An open ended Equity Linked Saving Scheme with a statutory lock-in of 3 years and tax benefit.	To provide long term capital appreciation by investing in a diversified portfolio of equity & equity related instruments of companies across various sectors and industries, with no capitalization bias. The Fund may also invest in fixed income securities. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.	The aim of HTSF is to provide long-term capital appreciation from an actively managed portfolio, primarily comprising of a mix of small, mid and large cap stocks. Income is not a primary consideration in the investment policies of HTSF. The Scheme aims to be predominantly invested in equity and equity related securities. The Fund may also invest in fixed income securities.	This is the only scheme launched as an Equity Linked Savings Scheme, entitled to deductions of amount invested in units of the scheme, subject to a maximum of Rs. 1, 00,000, under section 80C of the Income Tax Act, 1961.	156.68	29159
6.	**HSBC Equity Hybrid Fund**	To seek long term capital growth and income through investments in equity and equity related securities and fixed income	The aim of HSBC Equity Hybrid Fund is to seek a balance between long	It seeks to invest in equity and equity related securities and fixed income instruments.	629.34	5242

Sr. No	Name of Scheme	Investment Objective	Investment Strategy	Product Differentiation	AUM as on 31.12.2018 (Rs. in crores)	Folios as on 31.12.2018
		instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.	term growth and stability from an actively managed portfolio of equity and equity related securities and fixed income instruments. The Scheme will endeavour to achieve this by maintaining a minimum of 65% allocation to equity and equity related securities and at least 20% allocation to fixed income securities including money market instruments.			

F. FUNDAMENTAL ATTRIBUTES

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

(i) Type of scheme

An open ended equity scheme investing in both large cap and mid cap stocks

(ii) Investment Objective

Main Objective - To seek long term capital growth through investments in both large cap and mid cap stocks. However, there is no assurance that the investment objective of the Scheme will be achieved.

Investment pattern - The portfolio break-up with minimum and maximum asset allocation is given on page 19, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(iii) Terms of Issue

Liquidity provisions such as listing, repurchase, redemption.

Aggregate fees and expenses charged to the scheme.

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 and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme 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.

Further, in accordance with AMFI Best practices circular dated July 30, 2014, prior approval of SEBI will be obtained before effecting the changes in fundamental attributes.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

Benchmark Index:

The performance of the Scheme/Plan(s) will be benchmarked with NIFTY LargeMidcap 250 TRI.

In accordance with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2018/04 dated January 4, 2018 the performance of the Scheme will be benchmarked to the Total Return Index variant (wherever available) of benchmark Index.

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 for benchmark

The Scheme is being benchmarked against the Index mentioned above, since the asset allocation and composition of its benchmark index is in line with the asset allocation pattern and investment strategy of the Scheme / Plan(s) and is most suited for comparing performance of the Scheme / Plan(s). It will also enable the investors to arrive at a more informed judgement on scheme's performance.

H. WHO MANAGES THE SCHEME?

Mr. Neelotpal Sahai is the Fund Managers of the Scheme.

The details of the Fund Managers are:

Name of Fund Manager	Designation	Age	Qualifications	Years of Experience with description	Tenure of managing the scheme (in Years)
Neelotpal Sahai	Senior Vice President & Fund Manager – Equities	50	B.Tech (IIT Varanasi), PGDM (IIM Kolkata)	Over 25 years of experience in Research and Fund Management. • **HSBC Asset Management (India) Private Limited** Senior Fund Manager – Equities from April 2013 to onwards. • **IDFC Asset Management Company Ltd.** Director from February 2006 to April 2013 • **Motilal Oswal Securities Ltd.** Senior Research Analyst from March 2005 to January 2006 • **Infosys Ltd.** Senior Project Manager from June 1999 to March 2005 • **Vickers Ballas Securities Ltd.** Analyst from September 1998 to June 1999 • **SBC Warburg** Analyst from May 1997 to May 1998	

Name of Fund Manager	Designation	Age	Qualifications	Years of Experience with description	Tenure of managing the scheme (in Years)
				• **UTI Securities Ltd.** Equity Analyst from June 1995 to May 1997	

Other Schemes managed by the Fund Manager(s)

Name of the Scheme(s)	Fund Manager*
HSBC Large Cap Equity Fund	Neelotpal Sahai
HSBC Multi Cap Equity Fund	
HSBC Small Cap Equity Fund	
HSBC Equity Hybrid Fund	Neelotpal Sahai & Sanjay Shah

* excluding overseas investments, if any.

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Investment Restrictions for the Scheme

All investments by the Scheme(s) 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(s):

1. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 12% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of the AMC. Provided that, such limit shall not be applicable for investments in government securities, treasury bills and collateralized borrowing and lending obligations. Provided further that investment within such limit can be made in mortgage backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.
2. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of the AMC or a Committee constituted in this behalf.
3. The Fund under all its Schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
4. Transfer of investments from one Scheme to another Scheme in the Mutual Fund is permitted provided:
   (a) 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
   (b) The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
5. The aggregate inter-scheme investment in line with the investment objectives, made by all the Schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other Schemes of the Fund or in the Schemes of any other Mutual Fund. Provided that this clause shall not apply to any fund of funds scheme and investments in mutual funds in foreign countries.
6. 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.
7. 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:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

8. 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.
9. The Scheme shall not make any investment in:
   (a) Any unlisted security of an associate or group company of the Sponsor; or
   (b) Any security issued by way of private placement by an associate or group company of the Sponsor; or
   (c) 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.
10. The Scheme shall not invest more than 10% of its NAV in the equity shares or equity related instruments of any company. Provided that, the limit of 10 per cent shall not be applicable for investments in case of index fund or sector or industry specific scheme.
11. The Scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended schemes and 10% of its NAV in case of close ended schemes.
12. 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.
13. No loans for any purpose shall be advanced by the Scheme.
14. The Fund may lend securities in accordance with the securities lending scheme of SEBI.
15. The Scheme shall not invest in a fund of funds scheme.
16. The cumulative gross exposure through equity, debt and derivative positions, shall not exceed 100% of net assets of the Scheme. However, the following shall not be considered while calculating the gross exposure:
    a) Security-wise hedged position and
    b) Exposure in Cash or Cash equivalents with residual maturity of less than 91 days.
17. 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 and the Plans thereunder

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 September 26, 2007 and all applicable regulations / guidelines/ directives / notifications, as may be stipulated by SEBI and RBI, from time to time 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 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.

The AMC / Trustee reserves the right to temporarily suspend subscriptions in/switches into the relevant Schemes, or the subsequent installments of HSBC SIP / HSBC STP into the Schemes will be stopped from the month in which the subscriptions exceed or are expected to exceed the maximum permissible limits prescribed by SEBI for overseas investments (currently the limit for all the Schemes of the Fund put together is equivalent to US$ 300mn).

J. HOW HAS THE SCHEME PERFORMED?

The Plan being new does not have any performance track record.

K. SCHEME PORTFOLIO HOLDINGS

Top 10 holdings issuer wise (As on ____)

Scheme Portfolio Holdings	**% to Net Asset**
Not applicable.	

Note**: The portfolio shall be available, once the portfolio has been constructed**

FUND ALLOCATION TOWARDS VARIOUS SECTORS (As on _____)

Sector	**% to Net assets**
Not applicable	

L. PORTFOLIO TURNOVER: Not applicable

M. INVESTMENTS BY DIRECTORS, FUND MANAGER'S AND KEY MANAGERIAL PERSONNEL OF THE AMC IN SCHEME: Not applicable

This section provides the details you need to know for investing in the Scheme.

A. NEW FUND OFFER (NFO)

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

The offer is being made for subscription of Units of **HSBC Large and Mid Cap Equity Fund (HLMEF).**

New Fund Offer Period

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

The NFO for HLMEF will commence from _____ 2019 and close on _____ 2019.

The AMC reserves the right to extend the New Fund Offer (NFO) period, subject to the condition that the NFO Period including the extension, if any, shall not be kept open for more than 15 days or for such period as allowed by SEBI.

New Fund Offer Price

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

The NFO price of Units of HLMEF will be Rs. 10/- per unit.

Extension/ Preponing of the New Fund Offer Period

The Trustees/ AMC reserve the right to extend/prepone the closing date of the NFO period, subject to the condition that the subscription to the NFO shall not be kept open for more than 15 days. Any extension/preponing to the NFO period shall be notified by way of publication of notice in the newspaper and by a suitable display at official points of acceptance of transactions.

Minimum Amount for Application during NFO

Lump sum Investments:

Minimum Investment Amount	Additional Investment
Rs.5,000 and in multiples of Re. 1/- thereafter. Minimum application amount is applicable for switch-ins as well.	Rs. 1,000/- and in multiples of Re. 1/- thereafter.

SIP Investments:

- For SIP investments during NFO period, the investor is required to submit a mandate form to enable SIP debits either through NACH or such other facilities as may be provided by the AMC, along with a copy of the cancelled cheque leaf with name of the unit holder pre-printed.

  OR

- Provide postdated cheques towards all the installments.

Minimum SIP Investment Amount	Minimum no. of Instalments	Minimum Aggregate Investment
Rs. 1000/- (monthly) or Rs. 3000/- (quarterly)	12 (monthly) or 4 (quarterly)	Rs. 12,000

Minimum Target amount

The minimum subscription (target) amount for the scheme HLMEF shall be Rs. 10 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 5

business days from close of the NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors for such number of days, from expiry of 5 business days from the date of closure of NFO.

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 no maximum target for the size of the Scheme and therefore, subject to the applications being in accordance with the terms of this Offer, full and firm allotment will be made to all applicants, subject to the collection of the minimum subscription amount.

Options offered

The Regular Plan and Direct Plan shall be available under the Scheme. The Regular and Direct Plan will have two options viz. i) Growth; and ii) Dividend with Dividend Payout and Reinvestment facilities. The Growth Option shall be default Option under the Plans of the Scheme. Brokerage/Commission paid to distributors and distribution expenses will not be charged under the Direct Plan. Both Plans along with the Options thereunder will have a common portfolio.

Direct Plan

The Scheme will have a Direct Plan for investors who wish to purchase/subscribe to Units of the Plan directly. Applications routed through a Distributor will not be eligible for investments under Direct Plan. All the features of the Plans under Scheme like the investment objective, asset allocation pattern, investment strategy, risk factors, facilities offered, load structure etc. will be the same for the Direct Plan except for a lower expense ratios as detailed in Section IV – Fees and Expenses – B. Annual Recurring Expenses. Brokerage/Commission paid to distributors will not be charged under the Direct Plan.

Default Option

Investors should indicate the Plan and / or Option 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 Plan/Scheme and / or Option etc. the following defaults will be flagged off:

Indication not made/incorrectly made	**Default**
Scheme/Plan Name	As indicated on investment application
Dividend Option / Growth Option	Growth Option
Dividend Payout / Dividend Reinvestment	Dividend Reinvestment
Mode of holding (in cases where there are more than one applicant)	Joint
Direct Plan opted *(with/without distributor code on the application)*	Units will be allotted in "Direct Plan"
Broker code is mentioned as "DIRECT"/ incorrect /left blank	Units will be created under "Direct Plan" with broker code "Direct"
*Demat account details	Units will be held in physical mode

* Applicants, who wish to opt for Demat mode (including a transferee), will be required to have a beneficiary account with a DP of NSDL/CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary account number with DP. In the absence of the information (including incomplete/incorrect information) in respect of DP ID/BO ID, the application will be processed with statement option as 'physical' only.

Dividend Distribution Policy

The Trustees propose to follow the following dividend distribution policy:

Declaration of dividend for HLMEF is subject to the availability of distributable surplus. Such dividends if declared will be paid under normal circumstances, only to those Unit holders who have opted for Dividend Payout option.

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. 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 Unit holders whose names appear in the register of Unit holders on the notified record date. In case of Units held in dematerialized mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of units held by them in demat form on the Record Date to the Registrars and Transfer Agent of the Mutual Fund.

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. 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 Option 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.

The dividend proceeds may be paid by way of dividend warrants/direct credit/ Electronic Funds Transfer (EFT)/ Electronic Clearing Service (ECS) Credit/ National Electronic Funds Transfer (NEFT) /Real Time Gross Settlement (RTGS)/Wired Transfer/ National Electronic Clearing Service (NECS)/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 Unit holders about the dividend announcements 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 5 business days from the date of closure of the NFO. Applicants under the Scheme will have an option to hold the Units either in physical form (i.e. account statement) or in dematerialized form. For investors who have given demat account details, the Units will be credited to the investor's demat account after due verification and confirmation from NSDL/CDSL of the demat account details. The total number of Units allotted will be determined with reference to the applicable sale price and fractional Units may be created. Fractional Units will be computed and accounted for up to three decimal places for all Scheme.

An allotment confirmation specifying the number of units allotted will be sent to the unit holders' by way of email and /or physical statement to the registered e-mail address and/or registered address, within 5 Business Days from the closuer of the NFO.

For ongoing period, CAS for each calendar month to the Unit Holder(s) in whose folio(s) Transaction(s) has/have taken place during that calendar month shall be sent on or before 10th of the succeeding calendar month.

In case of any specific request for account statement received from a Unit Holder, the account statement would be sent to the Unit Holder within 5 (Five) Business Days from the receipt of such request.

Dematerialization

Unit holders opting to hold the Units in demat form must provide their demat Account details in the specified section of the application form. The Unit holder intending to hold the Units in demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Scheme) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP at the time of purchasing Units during the NFO of the Scheme. In case Unit holders do not provide their demat Account details, the Units will be allotted in physical mode provided the application is otherwise complete in all respect and accordingly an Account Statement shall be sent to the Unit holder. Such investors will not be able to trade on the stock exchange till the holdings are converted into demat form. Investors opting to hold Units in demat form should furnish Bank Account details linked with their demat account.

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 within 5 business days from closure of NFO. 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 as above. Interest on subscription amount will be payable for amounts refunded later than 5 business days from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 5 business days and will be charged to the AMC. Refund, if any, will be credited to the bank account of the unitholder from where the funds are received or via account payee instrument (payable at par) in favour of the unit holder and will be despatched by courier/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):

- Adult individuals resident in India, either singly or jointly
- Minor through parent / lawful guardian
- 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)
- 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
- Partnership Firms
- Karta of Hindu Undivided Family (HUF)
- Banks (including Co-operative Banks and Regional Rural Banks) & Financial Institutions
- Non-resident Indians (NRIs) / Persons of Indian Origin on full repatriation basis (subject to RBI approval, if required) or on non-repatriation basis
- Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs) registered with SEBI on full repatriation basis (subject to RBI approval, if required)
- Army, Air Force, Navy and other para-military funds and eligible institutions
- Scientific and Industrial Research Organizations
- Provident / Pension / Gratuity and such other Funds as and when permitted to invest
- International Multilateral Agencies approved by the Government of India / RBI
- Other schemes of HSBC Mutual Fund subject to the conditions and limits prescribed in SEBI Regulations
- Trustees, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws), may subscribe to the Units under the Scheme.
- Foreign investors (termed as *Qualified Foreign Investors*) who meet KYC requirement as per PMLA (Prevention of Money Laundering Act, 2002) and FATF (Financial Action Task Force) standards. Acceptance of subscriptions by Foreign investors will be subject to operational feasibility in accepting the same and compliance with provisions under SEBI circular no. CIR/IMD/DF/14/2011 dated August 9, 2011.

Who cannot invest?

The following persons/entities cannot invest in any schemes of the Fund:

- United States Person as defined under the Laws of the United States of America, including, without limitation, the rules and regulations promulgated by the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission; or is a person who has elected to be treated as a US tax resident for US federal income tax purposes;
- Persons residing in Canada;
- Persons residing in any Financial Action Task Force (FATF) declared non-compliant country or territory.
- Overseas Corporate Bodies (OCBs), being firms and societies which are held directly/ indirectly to the extent of at least 60% by NRIs and/or overseas trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons.
- a. Persons who are, subject to sanctions or residing in or have any of their addresses in countries which are subject to sanctions. b. Persons who are in breach of the laws and regulations relating to KYC, money laundering, terrorist financing or any other Financial Crimes.
- Such other persons as may be specified by AMC from time to time.

Note:

- Investors are requested to note that if subsequently an investor's status is changed to being a United States Person or investor's folio is updated with a US/Canada address, the AMC reserves the right to redeem such investor's investments.
- Non Resident Indian investors must provide their complete overseas address, including the Country of residence, in the application form, to avoid rejection of the application.
- The Trustee and / or AMC shall be entitled to reject any application from investors and/or carry out forceful redemption of Units when it is discovered that the investor is subject to sanctions or any other financial crimes, directly or indirectly.
- The AMC and its Group companies (in India and outside India) are required to and may take any action to meet their Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime and act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various jurisdictions which relate to Financial Crime. The AMC may take, and may instruct (or be instructed by) any of its group companies to take, any action which it or such other member, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests. Such action may include but is not limited to (a) combining investor information with other related information in the possession of HSBC Group, (b) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming your identity and status and/or (c) share information on a confidential basis with such Group offices whether located in India or overseas in relation to prevention of Financial Crime.
- In case an investor who is a foreign national and resident in India, ceases to be resident in India, such investor will be required to redeem his/her investments prior to change in the resident status. The AMC reserves the right to redeem investments of such investors if their resident status is found to have changed to a country other than India. The redemption proceeds will be credited in Indian rupees only. Further, the AMC, its affiliates or service providers reserve the right to seek additional documents, implement controls and /or impose restrictions with respect to acceptance of investments from foreign nationals resident in India including the right to reject applications or subsequently redeem investments which are not in line with the controls deemed necessary by the AMC.

For the purpose of this clause:

"Compliance Obligations" means obligations of the AMC to comply with: (a) laws or international guidance and internal policies or procedures, (b) any demand or request from authorities or reporting disclosure or other obligations under laws, and (c) laws requiring us to verify the identity of our customers.

"Financial Crime" includes money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any laws relating to these matters."

Investors are requested to note that information will be obtained from CVL/SEBI appointed KRA (KYC Registration Agency) database and information in the AMC records will be overwritten. In the event of 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/KRA database.

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 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) having its processing unit at 'C' Block, 2nd Floor, Hanudev Info Park Pvt. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore – 641028 has been appointed as Registrar for the Scheme. 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 transactions are provided on inside back cover page.

How to apply?

Please refer to the SAI and KIM for instructions.

The Unit holders are given an Option to apply for Units in physical form or in dematerialized (demat form).

For Investors, who wish to opt for Demat mode, the applicants under the Scheme (including a transferee) will be required to have a beneficiary account with a DP of NSDL/CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary owner account number (BO ID) with DP. In the absence of the information (including incomplete information) in respect of DP ID/BO ID, the application will be processed under the 'physical' mode.

Investor subscribing under Direct Plan of a Scheme is required to indicate "Direct Plan" against the Scheme name in the application form e.g. "HSBC Large and Mid Cap Equity Fund – Direct Plan". Please refer to section on 'Default Option and Plans' for more details.

Additional mode of payment through ASBA facility (applicable during NFO period)

As defined under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, 'Applications Supported by Blocked Amount (ASBA)' means an application for subscribing to a public issue or rights issue, along with an authorisation to a Self Certified Syndicate Bank (SCSB) to block the application money in a bank account. The ASBA facility shall co-exist with the current process, wherein cheques / demand drafts are accepted by the Fund as a mode of payment for subscription. The list of banks that have been notified by SEBI to act as SCSBs and their designated branches are mentioned in the ASBA form and also available on the websites of SEBI, NSE and BSE. For complete details on ASBA, refer the Application Form of the Scheme.

Subscription of Units through Online platform:

The Fund allows its investors to invest in any scheme of HSBC Mutual Fund through its website https://invest.assetmanagement.hsbc.co.in. Also, existing investors can do additional purchase, switch, Systematic transactions and redemption of the Units of the Fund through the website. The Fund will also allow existing investors to transact through the website of the Fund's Registrar & Transfer Agent (CAMS), i.e. www.camsonline.com. However, the Fund will not be liable for any failure to act upon electronic instructions or to provide any facility for any cause that is beyond the control of the Fund.

Listing

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

The Unit holders are given an Option to hold the Units by way of an Account Statement (physical form) or in Dematerialized (demat form).

Special Products / facilities available during the NFO

Switching Option

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

To effect a switch, a Unit holder 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 'switch in' shall be treated as purchases, after considering any prevalent exit loads for switches.

A switch by NRI / FII Unit holders will be subject to the compliance of procedures and / or final approval of the Reserve Bank of India and/or 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.

Systematic Investment Plan (SIP)

Unit holders of the Scheme 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 respective Plan under Scheme at NAV based prices. SIP facility is available for both the Options viz. Growth and Dividend.

Investors can enrol themselves for SIP (minimum 12 instalments in case of monthly and 4 instalments in case of quarterly SIP) by ticking the appropriate box in the SIP application form and filling up the relevant details like amount of SIP Instalment, period and SIP date. The terms and conditions of SIP are provided in detail in the SIP Auto Debit Form. SIP through post-dated cheques will not be accepted during NFO.

Systematic Transfer Plan (STP) & Systematic Encashment Plan (SEP)

STP & SEP facilities will be available only after the Plan under the Scheme re-opens for continuous sale and repurchase. *Refer 'Special Products available during the Continuous Offer' under Section III B. 'On-going Offer details'*

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: Not Applicable.

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

i) Transfer & Transmission of Units

The Unit holders are given an option to hold the Units by way of an Account Statement (physical form) or in Dematerialized (demat form).

Units held by way of an Account Statement cannot be transferred. Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996, as may be amended from time to time. Transfer can be made only in favor of transferees who are capable of holding Units and having a Demat Account. The AMC shall not be bound to recognize any other transfer. The delivery instructions for transfer of Units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be effected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

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 favor of the Fund and the AMC, shall be registered as a Unit holder if the transferee is otherwise eligible to hold the Units.

Where the Units of the Plan(s) are issued in demat form in the Demat account of the investor, the nomination as registered with the DP will be applicable to the Units of the Plan(s). A Nominee / legal heir approaching the Fund for Transmission of Units must have beneficiary account with a DP of CDSL or NSDL, since the Units shall be in demat mode.

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 endeavor to process the transmission request within 10 business days, subject to receipt of complete documentation as applicable. The AMC reserves the right to insist on transmission along with redemption request by the claimant at any point deemed necessary.

ii) Lien / Pledge of Mutual Fund units

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 Plan(s) may be offered as security by way of a pledge / charge in favor of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body**.**

Units held in physical form: The AMC and / or the ISC will note and record such pledged / Lien marked 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 Lien marked /pledged provides written authorization to the Mutual Fund that the pledge / lien charge may be removed. As long as Units are Lien marked / pledged, the pledgee will have complete authority to redeem such Units.

The distributions in the nature of dividends which are paid out on Lien marked /pledged Units shall be made in favor of the investor, unless understood and accepted between the unit holder(s) and financier/lender.

Units held in dematerialized form: In case of Units held in dematerialized form, the rules of Depository will be applicable for Lien marking /Pledge of the Units of the Scheme. Units can be Lien marked /pledged by completing the requisite forms/formalities as may be required by the Depository.

The AMC reserves the right to change the procedure for Lien marking /pledge of MF Units from time to time.

iii) Fractional Units

The total number of Units allotted will be determined with reference to the applicable sale price and fractional Units may be created. Fractional Units will be computed and accounted for up to three decimal places for all Scheme.

iv) Suspension of Sale / Switch-in of Units

The Mutual Fund at its sole discretion reserves the right to withdraw sale or switch - in of the Units in 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.

The sale or switch - in of the Units may be suspended under the following conditions:

- 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.
- In the event of breakdown in the means of communication use for the valuation of investments of the Scheme, without which the value of the securities of the scheme cannot be accurately calculated.
- 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.
- In case of natural calamities, strikes, riots and bandhs.
- In the event of any force majeure or disaster that affects the normal functioning of the AMC, ISC or the Registrar.
- If so directed by SEBI.

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.

v) Suspension of Redemption of units

The AMC may, subject to specific approval of the Boards of AMC and Trustees, impose restrictions on redemptions (including switch-out) in the scheme(s) if there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

a) Liquidity issues in the market at large.

b) Market failures and/or exchange closures due to unexpected events relating to, but not limited to, political, economic, military, monetary or other emergencies.

c) Operational issues due to exceptional circumstances like force majeure, unpredictable operational problems and technical failures.

- Restriction on redemption may be imposed for a specific period of time not exceeding 10 working days in any 90 days period.
- Any imposition of restrictions on redemption will be informed to SEBI.
- In the event that redemption restrictions are imposed by the AMC, in addition to above requirements, the AMC will ensure the following:

  a) Redemption request up to Rs. 2 lakh shall not be subject to such restriction.

  b) For redemption request above Rs. 2 lakh, the AMC shall redeem the first Rs. 2 lakh without such restriction and the remaining part over and above Rs. 2 lakh, shall be subject to restriction, as may be imposed.

vi) 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/ do such acts to a Unit holder's account as per instructions (or deal with the same in the manner the Trustee / AMC is directed and/or ordered) under the Scheme:-

- 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.

Static Details

- The details provided by investors in the application form for subscribing to Units should be same as the details registered with the DP.
- In the event of any conflict, the details registered with the DP will prevail.
- In case any particular detail is not registered with the DP, the details in the application form will be considered.
- In the event of mismatch in the mode of holding as mentioned in the application form vis-à-vis details with the DP, the application is liable to be rejected.

Third party Cheques

a) Third party payments (i.e where payment is made from a source other than that of the first holder) will not be accepted by the Fund, except if made under the following exceptional categories, namely i) as gift by parents / grandparents / related persons in favour of minor, not exceeding Rs. 50,000/-, ii) employer on behalf of employee as payroll deductions or deductions out of expense reimbursements for SIP / Lumpsum investments, iii) Custodian on behalf of FII / client and iv) Payment by Asset Management Company (AMC) to a Distributor empanelled with it on account of commission / incentive etc. in the form of the Mutual Fund Units of the Funds managed by the AMC through Systematic Investment Plans or Lumpsum Investment (w.ef January 16, 2012). v) Payment by a Corporate to its Agent/Distributor / Dealer, on account of commission or incentive payable for sale of its goods / services , in the form of the Mutual Fund Units through Systematic Investment Plan or Lumpsum Investment (w.e.f. April 20, 2015). In such cases, KYC acknowledgement along with additional declarations will have to be submitted along with the application form, failing which the application will be rejected. Such declaration to be submitted in original & in the prescribed standard format and unique across each lumpsum investment. (Declaration formats can be obtained from ISCs or downloaded from the Fund's website.)

b) In case of payment from a joint bank account, first holder in the folio has to be one of the joint holders of the bank account from which the payment is made. Hence, joint holders may pre-register their bank accounts (single / multiple) with the AMC / RTA, by completing the Multiple Bank Account Registration Form, if they intend

to make payment on behalf of other joint holder(s) in the folio. In such cases the application will be accepted and not treated as a third party payment.

c) Where the payment instrument does not mention the bank account holders name/s or Signature of the units holder as on the investment application does not match with the signature on the payment instrument, investor should attach bank pass book copy / bank statement / bank letter to substantiate that the first unit holder is one of the joint holders of the bank account. Where a payment is through a pre-funded instrument, a bank certification of the bank account no. and account holders name should be attached, in the required format. Pre-funded instrument issued against cash shall not be accepted for investments of Rs. 50,000 or more. For RTGS / NEFT / online bank transfer etc., a copy of the instruction to the bank stating the account number debited must accompany the purchase application.

d) The AMC reserves the right to reject the application, post acceptance of the same, if any of the requisite documents / declarations are unavailable or incomplete, in which case the AMC shall refund the subscription money.

No interest will be payable on the subscription money refunded. Refund orders will be marked "A/c. payee only" and will be in favour of and be despatched to the Sole / First Applicant, by courier / speed post / registered post.

Multiple Bank accounts

The unit holder/ investor can register multiple bank account details under its existing folio by submitting separate form available on the website of the AMC at www.assetmanagement.hsbc.co.in. Individuals/HUF can register upto 5 different bank accounts for a folio, whereas non-individuals can register upto 10 different bank accounts for a folio.

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).

The Scheme will reopen within 5 business days of allotment.

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.)*

The investor can subscribe to the units of the Scheme at the NAV based prices.

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.)*

The unit holder can redeem units of the Scheme at the NAV based prices subject to prevailing exit load, if any.

The Fund shall ensure that the Redemption Price is not lower than 93% of the NAV and the Purchase Price is not higher than 107% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.

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 timings for subscriptions/ redemptions/switch-ins/switch-outs

This is the time before which an investor's application (complete in all respects) should reach the official points of acceptance.

The cut off timings for determining applicable NAVs for subscriptions / redemptions / switch-ins / switch-outs to be made at the Investor Service Centres / Designated Collection Centres (designated as 'Official Points of Acceptance' from time to time) are as per the following table:

Scheme / Plan	Subscription	Redemption	Switch In	Switch Out
HSBC Large and Mid Cap Equity Fund	3.00 p.m.	3.00 p.m.	3.00 p.m.	3.00 p.m.

Where a request for redemption / switch is received after the cut-off time as mentioned above, the request will be deemed to have been received on the next Business Day.

i) Applicable NAV for Sale of Units

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

Particulars	Applicable NAV*
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.	Closing NAV of day on which the cheque or demand draft is credited.

*In partial modification to SEBI circular no. SEBI/IMD/CIR No. 11/142521/08 dated October 24, 2008 and Cir/IMD/DF/19/2010 dated November 26, 2010, in respect of purchase of units of all mutual fund schemes (other than liquid schemes), the closing NAV of the day on which the funds are available for utilization will be applicable for application amount equal to or more than Rs. 2 lakh (aggregated at Permanent Account Number of the investor), provided the application is received and funds are available for utilization before the applicable cut-off time.

Allotment of Units under HLMEF

For allotment of units in respect of purchase in HLMEF of Rs. 2 lacs or above, it shall be ensured that:

i. Application is received before the applicable cut-off time.

ii. Funds for the entire amount of subscription / purchase as per the application are credited to the bank account of the schemes before the cut-off time.

iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the schemes.

For allotment of units in respect of switch-in to HLMEF of Rs. 2 lacs or above from other schemes, it shall be ensured that:

i. Application for switch-in is received before the applicable cut-off time.

ii. Funds for the entire amount of subscription / purchase as per the switch-in request are credited to the bank account of the respective switch-in schemes before the cut-off time.

iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the switch-in scheme.

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

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

ii) Applicable NAV for Repurchase of Units

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

The Fund shall calculate NAV for each business day in respect of the Scheme.

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.

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 Centers / ISCs / Official Points of Acceptance. Details of official points of acceptance are provided on back cover page.

Minimum amount for purchase / Switch-in / Redemptions

Lump sum Investments

Minimum Investment Amount	**Additional Investment:**
Rs.5,000 and in multiples of Re. 1/- thereafter. Minimum application amount is applicable for switch-ins as well.	Rs. 1,000/- and in multiples of Re. 1/- thereafter.

SIP Investments

Minimum Investment Amount	**Minimum no. of Instalments**	**Minimum Aggregate Investment**
Rs. 1000/- (monthly) or Rs. 3000/- (quarterly)	12 (monthly) or 4 (quarterly)	Rs. 12,000

Minimum Redemption/Switch-out amount or minimum no. of Units to be redeemed - Rs. 1,000/- and in multiples of Re. 1/- thereafter, or 100 Units.

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 from time to time.

Minimum balance to be maintained and consequences of non-maintenance

The Fund may close the Unit holder's account if as a consequence of a redemption/repurchase, the balance falls below the minimum redemption amount/Units as mentioned above for the Scheme. In such a case, entire Units to the Unit holder's account will be redeemed at the Applicable NAV with the applicable exit load, if any, and the account will be closed. The criteria of minimum balance shall not be applicable in case of Switching and Withdrawal facilities offered under the Scheme.

Special Products / Facilities available/offered to the investors under the Scheme

(1) HSBC Systematic Investment Plan (HSBC SIP)

Unitholders of the Scheme 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 at NAV based prices. The requirement of 'Minimum Amount for Application' will not be applicable in case of SIPs.

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

- at least 12 post-dated cheques of at least Rs. 1000 (Rs. One Thousand) or
- a mandate form to enable SIP debits either through NACH or such other facilities as may be provided by the AMC for a block of atleast 12 instalments along with a copy of the cancelled cheque leaf with name of the unit holder pre-printed.

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

- at least 4 post-dated cheques of at least Rs. 3000 (Rs. Three Thousand) each, or
- a mandate form to enable SIP debits either through NACH or such other facilities as may be provided by the AMC for a block of atleast 4 instalments along with a copy of the cancelled cheque leaf with name of the unit holder pre-printed.

National Automated Clearing House (NACH):

NACH is a simple and convenient facility that enables the Unit holders to transact in the Schemes of the Fund by submitting a debit Mandate registration form to the Fund. By registering this mandate, you authorise the specified bank to debit the said maximum amount per day, towards investment in HSBC Mutual fund.

Investor has the option to choose any date for SIP, if the choice of date is not indicated then default date of SIP shall be considered as 10th of the month/quarter. In case the chosen/default date falls on a Non-Business Day or on a date which is not available in a particular month, the SIP will be processed on the immediate next available Business Day.

The cheques should be drawn in the name of the Scheme e.g. "HSBC Large and Mid Cap Equity Fund" 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. 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 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.

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.

Investment transactions (Lumpsum and SIPs) upto Rs.50, 000/- exempt from Permanent Account Number (PAN)

In accordance with SEBI letter no. MRD/DoP/PAN/PM/166999/2009 dated June 19, 2009 issued to Association of Mutual Funds in India (AMFI), guidelines issued by AMFI vide its circular no. 35P/MEM-COR/4/09-10 dated July 14, 2009 and subsequent guidelines issued by SEBI vide letter No. OW/16541/2012 dated July 24, 2012 in this regard, lumpsum SIPs upto Rs. 50,000/- per year per investor i.e. aggregate of investments in a rolling 12 month period or in a financial year i.e. April to March (hereinafter referred to as "Micro financial products (MFP)") shall be exempted from the requirement of PAN. This exemption shall be applicable only to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms including joint holders. HUFs and other categories of investors will not be eligible for this exemption. MFP investors will require to be KYC compliant by submitting requisite documents and obtaining KYC compliance by undergoing the uniform KYC process applicable for securities markets.

Investors are advised to refer to the uniform KYC process and form to comply with the KYC requirement.

While making subsequent MFP applications with a mutual fund, investor can quote the existing folio number where a MFP has been registered and therefore need not resubmit the supporting document. The MFP application will be rejected by the AMC where it is found that the registration of the application will result in the aggregate of MFP investments in a financial year exceeding Rs 50,000 or where there are deficiencies in the documents submitted by the investors in lieu of PAN as mentioned above. The rejected application will be sent back to the investor with a deficiency memo. In case the first MFP -SIP installment is processed (as the cheque may be banked), and the application is found to be defective, the MFP - SIP registration will be ceased for future installments. No refunds shall be made by the AMC for the units already allotted and a communication to this effect will be sent to the investors. However, investors shall be allowed to redeem their investments at applicable NAV.

(2) Systematic Encashment / Withdrawal Plan (SEP / SWP)

Unitholders have the benefit of enrolling themselves under the Systematic Encashment Plan. The SEP / SWP allows the Unitholder to withdraw sums of money each month / quarter from his investments in the Scheme. SEP/SWP 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 Unit balance to the credit of that Unitholder. The SEP / SWP transaction can be effected on any day of the month for fixed amount option and the payout will be as per the payout schedule of the Scheme. In case the chosen date falls on a Non-Business Day or on a date which is not

available in a particular month, the SEP will be processed on the immediate next available Business Day. In case where no SEP / SWP date is indicated by the investors 10th shall be treated as the Default Date. However, in case of Capital Appreciation the SEP / SWP will be processed only on the 1st Business day of the month. 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 / SWP 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 / SWP, investors can opt for withdrawal of a Fixed Amount or the Capital Appreciation on their investment (for a minimum period of 3 months).

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 / SWP from time to time.

(3) Systematic Transfer Plan (STP)

Unitholders of the Scheme can benefit by transferring specific rupee amounts periodically, for a continuous period. STP allows the investors to transfer a fixed amount or Capital Appreciation every month to a particular Scheme at NAV based prices. Investors can opt for the Systematic Transfer Plan by investing a lumpsum amount in the any HSBC open ended scheme and providing a standing instruction to transfer sums at monthly intervals (for a minimum period of 3 months) into any open ended Schemes of HSBC Mutual Fund. Investors could also opt for STP from an existing account by quoting their account / folio number. Investors could choose to specify the fixed sum to be transferred every month or opt for capital appreciation option to automatically transfer the incremental amount i.e. appreciation on the original investment. The minimum amount which the Unit holders can transfer is Rs. 1000/- (Rupees One Thousand Only) and in multiples of Re. 1 (Rupee One Only) thereafter. Unit holders should note that in the event of there being no capital appreciation, no transfer would be affected.

Transfers would be effected on any date as indicated by the investor in case of Fixed Amount Option. If these dates fall on a holiday, the transaction will be effected on the next Business Day. Transfers must be for a minimum amount of Rs. 1,000/- per month. In case of STP if the choice of date for the instalment is not indicated by the investor, the instalment of STP will be processed on 10th of every month. For Capital Appreciation option the STP will be processed only on the 1st Business day of the month. 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.

(4) Facilitating transactions through Stock Exchange Mechanism (BSE Star & NSE MFSS)

In terms of SEBI Circular SEBI/IMD/CIR No.11/183204/ 2009 dated November 13, 2009, units of the Scheme can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited and / or Bombay Stock Exchange Limited who are also registered with Association of Mutual Funds of India and are empanelled as distributors with AMC. Accordingly such stock brokers shall be eligible to be considered as 'official points of acceptance' of AMC. International Security Identification Numbers (ISIN) in respect of the plans / options of the Scheme have been created and have been admitted to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and can be transacted using the beneficiary accounts maintained with any of the respective Depository Participants (DPs). The units will be allotted in the physical or depository mode in accordance with the choice of the investor. The facility of transacting in mutual fund schemes through stock exchange infrastructure is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time. The investor shall be serviced directly by such stock brokers/ Depository Participant. The Mutual Fund will not be in a position to accept any request for transactions or service requests in respect of Units bought under this facility in demat mode. Further, the minimum

purchase/ redemption amount in the respective plan / option of such notified Schemes of the Fund will be applicable for each transaction. Investors transacting in the Units of the Schemes will be subject to KYC formalities carried out by the DP. Applicable NAV shall be reckoned on the basis of the time stamping as evidenced by confirmation slip given by the stock exchange mechanism. The allotment and redemption of Units on any Business Day with respect to transactions carried out through this mechanism will depend upon the order processing / settlement by exchange and its respective clearing corporation. A Demat statement provided by the DP in such form and manner and at such time as agreed with the DP, shall be equivalent to an Account Statement. For any grievance with respect to transactions through BSE/NSE, the investors should approach the investor grievance cell of BSE/NSE or their DP.

Payment of redemption proceeds to the trading/ clearing members by AMC/ its Registrar shall discharge AMC of its obligation of payment of redemption proceeds to individual investor. Similarly, in case of purchase of units, crediting units into trading/ clearing member pool account shall discharge AMC of its obligation/ to allot units to individual investor.

Account Statement (for investors holding units in physical mode)

An allotment confirmation specifying the number of units allotted will be sent to the unit holders' by way of email and/or physical statement to the registered e-mail address and/or registered address, within 5 Business Days from the date of closure of the initial subscription list and / or from the date of receipt of the request from the unit holders'. In case of any specific request received from the unit holder(s), the AMC/Fund will provide the account statement to the unit holder(s) within 5 Business Days from the receipt of such request.

A Consolidated Account Statement (CAS) for each calendar month shall be sent by email on or before 10th of the succeeding month to those unit holders in whose folio(s), transactions* have taken place during the month and have provided a valid Permanent Account Number (PAN).. In the event that the registered email address of the unit holder is not available with the Fund, the CAS will be sent as a physical statement. CAS shall contain details relating to all transactions* carried out by the Unitholder across schemes of all mutual funds during the month, holdings at the end of the month.

For the purpose of sending CAS, common Unitholders' across mutual funds shall be identified by their PAN. In the event that the folio has more than one registered Unitholder, the first named holder will receive the CAS. The CAS shall not be received by those Unitholders whose folio(s) are not updated with PAN details. Unitholders are therefore requested to ensure that each of their folio(s) are updated with their PAN details. In case a specific request is received from the Unitholder, the AMC / Fund will provide the account statement to the unit holder(s) within 5 Business Days from the receipt of such request. The CAS issued to investors shall also reflect the total purchase value / cost of investment in each schemes.

Further, CAS detailing holding of investments across all schemes of all mutual funds at the end of every six months (i.e. September/March) shall be sent by email/physical on or before 10th day of succeeding month as the case may be, to all such Unit holders in whose folios no transactions have taken place during that period. The half yearly CAS will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical.

Further, CAS issued for the half year (September/ March) shall also provide:

a) The amount of actual commission paid by AMCs / Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term "commission" here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs / MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as goods and service tax ("GST") (wherever applicable, as per existing rates), operating expenses, etc.

b) The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

* The word 'transaction' includes purchase, redemption, switch, dividend payout, dividend reinvestment, SIP, STP, SWP, and bonus transactions.

Allotment Advice (for investors holding units in dematerialised mode)

Allotment advice will be sent upon allotment of units stating the number of Units allotted to each of the Unit holder(s) who have opted for allotment in dematerialized mode within 5 working days from the date of closure of the NFO period. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form.

For ongoing purchase transactions, units will be credited to the investors demat account upon realization of funds. Units will be allotted as per Applicable NAV for subscriptions / purchases as mentioned in the SID. For ongoing transactions there is no separate communication send to the customers holding units under demat mode.

Dematerialisation / Rematerialization of Units, if any will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time.

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.

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 / 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 / payout / reinvestment within 30 days of the date of declaration of dividend.

Further, in case of units held in dematerialized form, based on the list provided by the Depositories (NSDL/ CDSL) giving the details of the demat account holders and the number of Units held by them in demat form on the Record date, the Registrars & Transfer Agent will pay the dividend proceeds by forwarding a dividend warrant or directly crediting the bank account linked to the demat account depending on the mode of receipt of dividend proceeds chosen by the Unit holder.

Delay in payment of dividend proceeds

As per the Regulations, the Fund shall despatch the dividend warrants or credit the dividend proceeds in the investors account within 30 days from the date of declaration of dividend. In the event of failure to despatch/credit the dividend proceeds within the above time, interest @ 15% per annum or such rate as may be specified by SEBI, would be paid to the Unit holders for the period of delay.

Redemption/ Repurchase proceeds

As per the Regulations, the Fund shall despatch the redemption/repurchase proceeds within 10 Business Days from the date of acceptance of redemption request at any of the Investor Service Centres.

Delay in payment of redemption/ repurchase proceeds

In the event of failure to despatch the redemption proceeds within the above time, 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).

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, or (iii) Indian Rupee drafts purchased abroad 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.

In case Indian Rupee drafts are purchased abroad or from FCNR / NRE accounts, an account debit certificate from the bank / financial entity issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC / Mutual Fund/Registrar, in connection with the investment in the schemes.

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.

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 SID 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:

On the happening of any event, which in the opinion of the Trustees, requires the Scheme to be wound up i.e. if the underlying scheme are not available for investment by the Scheme, then the Scheme may be wound up.

If seventy five per cent (75%) of the Unitholders of the Scheme pass a resolution that the Scheme be wound up.

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:

a) SEBI and

b) 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:

a) Cease to carry on any business activities in respect of the Scheme so wound up

b) Cease to create or cancel Units in the Scheme

c) 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 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 off 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.

Plans / Options / Sub-options offered under the Scheme

The following table details the Plans / Options / Sub-options available in the Scheme and its dividend frequencies:

Name of Scheme and Plans, if any (including Direct Plan)	**Options**	**Sub-Options**	**Frequency of dividend declaration**	**Record Date**
HSBC Large and Mid Cap Equity Fund	Growth	–	–	–
	Dividend	Payout Reinvestment	From time to time	As may be decided by the Dividend Committee.^

Notes: ^If such day is a holiday, then the record date shall be the immediately succeeding Business Day.

***Direct Plan**

Vide SEBI Circular dated September 13, 2012, the AMC has with effect from January 1, 2013 introduced a separate plan viz. 'Direct Plan' for investors who purchase/subscribe units in a scheme directly with the Fund. Purchase/subscription applications routed through distributor will not be eligible for investment under Direct Plan. Direct Plan is available in all Schemes/Plans of the Fund. All Plans and Options thereunder (including Direct Plan) will have a common portfolio.

All characteristics of the Schemes viz. investment objective, asset allocation pattern, investment strategy, risk factors, facilities offered and terms and conditions including load structure will be same for Direct Plan except that:

(a) Switch of investments from existing Plans, where the transaction has been received with Distributor Code, (whether the investments were made before or after January 1, 2013) to Direct Plan shall be subject to applicable exit load, if any.

(b) No exit load shall be levied:

i. in case of switches from Direct Plan to existing Plan.

ii. in case of switches from existing Plan, where the transactions were made without Distributor Code, (whether the investments were made before or after January 1, 2013) to Direct Plan.

Direct Plan shall have a lower expense ratio compared to the existing Plan and no commission for distribution of units will be paid / charged under Direct Plan.

All categories of investors (whether existing or new Unit holders) are eligible to subscribe under Direct Plan. Investments under Direct Plan can be made through various modes offered by the Fund for investing directly with the Fund {except Stock Exchange platform(s) and all other platform(s)/modes where investors' applications for subscription of Units are routed through Distributors}.

Investors wishing to transfer their accumulated balance held under any existing Plan of the Schemes (through lump sum /systematic investments made with or without distributor code) to Direct Plan will have to switch / redeem their investments (subject to applicable exit load, if any) and apply under the Direct Plan. Investors who have invested through distributor code and have opted for Dividend Reinvestment facility under the existing plan may note that the dividend will continue to be reinvested in the existing plan only.

Investors should indicate the Scheme / Plan 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/incorrectly indicating the Scheme / Plan and / or Option etc. the following defaults will be flagged off:

If indication not made / incorrectly made	**Default##**
Scheme Name	As indicated on the application form / transaction slip (The applicable NAV shall be as per the funds available for utilization).
Dividend / Growth Option / Sub-options	Growth Option / Sub-option
Dividend Payout / Reinvestment	Dividend Reinvestment
Mode of holding (in cases where there are more than one applicants)	Joint
Status of First Applicant (Individual, HUF, Company etc.)	Others #
**Demat account details	Units will be held in physical mode

** Applicants, who wish to opt for Demat mode (including a transferee), will be required to have a beneficiary account with a DP of NSDL / CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary account number with DP. In the absence of the information (including incomplete/incorrect information) in respect of DP ID/BO ID, the application will be processed with statement option as 'physical' only.

Tax rates (including the tax on dividend distribution) wherever applied on 'Others' by the Mutual Fund shall be the same as applicable to a Resident Indian Company.

Any investments or switch-in requests received in the name of the discontinued Plans will be processed under the available single Plan. For more details refer to Notice-cum-Addendum dated September 28, 2012 or visit our website at www.assetmanagement.hsbc.co.in.

With regard to Broker Code, default Plan as per the following table will apply to investors.

Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured by the AMC
Not mentioned	Not mentioned	Direct Plan
Not mentioned	Direct	Direct Plan
Not mentioned	Regular	Direct Plan
Mentioned	Direct	Direct Plan
Direct	Not Mentioned	Direct Plan
Direct	Regular	Direct Plan
Mentioned	Regular	Regular Plan
Mentioned	Not Mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

Where can you submit the filled up applications

Computer Age Management Services Private Limited (CAMS) with processing unit at 'C' Block, 2nd Floor, Hanudev Info Park Pvt. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore – 641028 has been appointed as Registrar for the Scheme. 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 transactions are provided on inside 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. As per the directive issued by SEBI vide its letters IIMARP/MF/CIR/07/826/98 dated April 15, 1998, and IMD/CIR/No. 6/4213/04 dated March 1, 2004, it is mandatory for applicants to mention their bank details in their applications for purchase or redemption of units.

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.**

It may be noted that in case of those Unitholders who hold Units in demat form, the bank mandate available with respective DP will be treated as the valid bank mandate for the purpose of payout at the time of any corporate action.

How to apply?

Please refer to the Statement of Additional Information (SAI) and instructions under the Key Information Memorandum cum Application form of the scheme.

For Investors, who wish to opt for holding Units in demat mode, the applicants under the scheme (including a transferee) will be required to have a beneficiary account with a DP of NSDL / CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary owner account number (BO ID) with DP. In the absence of the information (including incomplete / incorrect information) in respect of DP ID / BO ID, the application will be processed with statement option as 'physical'.

Investors subscribing under Direct Plan of a Scheme are required to indicate "Direct Plan" against the Scheme name in the application form e.g. "HSBC Large and Mid Cap Equity Fund - Direct Plan". Investors are also required to indicate "Direct" in the ARN column of the application form. However, in case Distributor Code is mentioned in the application form but "Direct Plan" is indicated against the Scheme name, the Distributor Code will be ignored and the application will be processed under Direct Plan.

Further, new investors who are not KYC compliant are requested to use the Common KYC Application form available on the website of the Fund and complete the KYC process including In-Person Verification (IPV), through any SEBI registered intermediary like Mutual Funds, Portfolio Managers, Depository Participants, Venture Capital Funds etc. The investor upon completing the KYC process through any SEBI registered intermediary, will not be required to undergo the KYC process again with other intermediaries including Mutual Funds. Further, IPV conducted for an investor by any SEBI registered intermediary can be relied upon by the Fund. With respect to Mutual Funds, IPV can be carried out by the AMC or by KYD (Know Your Distributor) compliant distributors who hold certifications from NISM / AMFI, while for applications received directly from investors (i.e. not through any distributor), IPV conducted by scheduled commercial banks can be relied upon.

In continuation to the above, all investors investing or switching Units should mandatorily complete the KRA KYC formalities. Those investors who had obtained MF KYC compliance through CVL (KYC registration authority till 31 December 2011) are required to submit necessary supporting(s) and update the missing information to be in compliance with the uniform KYC requirement laid down by SEBI. For investors who have not completed KYC compliance through KRA, any application received without the requisite KYC information will be rejected. However, investors who have obtained KRA KYC compliance, as well as existing investors of the Fund who have registered their KYC details with the Fund shall be required to submit the additional KYC information to the Fund, only in the event of change in their occupation or income details. Kindly use the updated application forms or the separate KYC form of the Fund, available at ISCs or on the Fund's website for updating the additional information.

Beneficial Ownership: SEBI circular dated January 24, 2013 on identification of Beneficial Ownership has prescribed a uniform approach to be followed for determination of beneficial owners. A 'Beneficial owner' is defined as a natural person/s who ultimately own, control or influence a client and / or persons on whose behalf a transaction is being conducted, which includes persons who exercise ultimate effective control over a legal person or arrangement. All categories of investors (except individuals, company listed on a stock exchange or majority-owned subsidiary of such company) are requested to provide details about beneficial ownership in the specified section of the Fund's application forms. The Fund reserves the right to reject applications (including switches)/restrict further investments from such investors or seek additional information if the requisite information on beneficial ownership is not duly provided. In the event of change in beneficial ownership, investors are requested to update the details with the Fund/Registrar.

Listing

Being an open ended Scheme under which sale and repurchase of Units will be made on continuous basis by the Mutual Fund, the Units of the Scheme are generally not proposed to be listed on any stock exchange. However, the AMC may at its sole discretion, list the Units under the Scheme on one or more stock exchanges at a later date, if deemed necessary.

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.

Option to hold Units in dematerialized (Demat) form

An option is available to investors to receive allotment of mutual fund Units in their demat account while subscribing to any scheme of the Fund. Unit holders opting to hold the Units in demat form must provide their demat account details in the specified section of the application form and should furnish Bank Account details linked with their demat account. (Kindly refer the application form for Demat available on the Fund's website, www.assetmanagement.hsbc.co.in). Units will be credited to the investor's demat account after due verification and confirmation from NSDL / CDSL of the demat account details. The bank mandate registered in the demat account will be treated as the valid bank mandate for the purpose of payout by the Fund. The option to subscribe / hold Units in demat form shall be in accordance with the guidelines / procedural requirements laid down by the Depositories (NSDL / CDSL) from time to time.

The option to hold Units in demat mode also includes allotment of Units made through SIP transactions in any scheme of the Fund, which offers the SIP facility. For SIP transactions, Units will be allotted as per 'Applicable NAV for Sale of Units' as mentioned under Section III. 'Units and Offer' and will be credited to the investor's demat account on a weekly basis upon realization of funds. The demat facility is currently not available in plans / options where the dividend distribution frequency is less than 1 month..

In case the Unit holder desires to hold the Units in a dematerialized / rematerialized form at a later date, the request for conversion of Units held in physical form into demat (electronic) form or vice-versa should be submitted along with a Demat / Remat Request Form to the Depository Participant. Unitholders will be required to submit all non-financial requests and redemption requests to their respective Depository Participant, for Units held in demat form. Such Units held in demat form will be transferable subject to the provisions laid down in the SID / SAI and / or KIM of the Fund and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as may be amended from time to time.

Prevention of Money Laundering and Know Your Client (KYC) Norms

KYC (Know Your Customer) norms are mandatory for all investors for making investments in Mutual Funds, irrespective of the amount of investment. Investors are requested to note that all investors are required to be KRA (KYC Registration Agency) KYC compliant. Those investors who had obtained MF KYC compliance through CVL (KYC registration authority till 31 December 2011) are required to submit necessary supporting(s) and update the missing information to be in compliance with the uniform KYC requirement laid down by SEBI.

Pursuant to SEBI circular dated December 26, 2013 on uniform KYC norms, certain information from Part I of the standard KYC application form, sourced by KRA (KYC Registration Agency) has been shifted to Part II which captures information specific to the area of activity of an intermediary. Accordingly, the additional KYC information required for mutual fund activities has been incorporated into the new application forms of the Fund and investors are requested to provide the same in order for the Fund to have all the necessary KYC details. For investors who have not completed KYC compliance through KRA, any application received without the requisite KYC information will be rejected. However, investors who have obtained KRA KYC compliance, as well as existing investors of the Fund who have registered their KYC details with the Fund shall be required to submit the additional KYC information to the Fund, only in the event of change in their occupation or income details. Kindly use the updated application forms or the separate KYC form of the Fund, available at ISCs or on the Fund's website for updating the additional information. The AMC reserves the right to reject the application and refund the application amount, post acceptance of the application, in the event that the required KYC information is not provided or not found adequate.

Further, in accordance with SEBI Circulars MIRSD/SE/Cir- 21/2011 dated October 5, 2011 and MIRSD/Cir-5/2012 dated April 13, 2012 on Uniform Know Your Client (KYC) read with AMFI Best practices guidelines circular no. 62/2015-16 dated September 18, 2015, it shall be mandatory for existing Unit holders to provide additional KYC information such as Income details, Occupation, Politically Exposed Person status, Net worth etc. as mentioned in the application form as well as complete In-Person Verification (IPV) and provide any missing KYC information, failing which the AMC shall have the authority to reject the transaction for additional subscription (including switches) in their existing folios.

Implementation of Central KYC (CKYC)

The Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI, an independent body), to perform the function of Central KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form. Accordingly, in line with SEBI circular nos. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016 on Operationalisation of Central KYC (CKYC), read with AMFI Best Practice Guidelines circular No. 68/2016-17 dated December 22, 2016 and circular no. AMFI/35-P/Mem-Cor/32/2017-18 dated January 5, 2018, new individual investors investing into the Fund are requested to note the following changes, from February 1, 2017.

1. New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system, will be required to fill the new CKYC form while investing with the Fund.
2. If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form.
3. Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC Registry can invest in schemes of the Fund quoting their 14 digit KIN in the application form. Further, in case the investor's PAN is not updated in CKYC system, a self-certified copy of PAN Card will need to be provided.

Sale, Repurchase and Switch of Units on On-going Basis

The Units of the Scheme are available for sale, repurchase and switch at applicable NAV based prices, subject to prevalent load provisions, if any, on every business day.

i) Sale (Purchase) of Units

The Units of the Scheme will be available at the sale price, which is based on the Applicable NAV, subject to sales load and subject to the minimum application amount specifications. Subscriptions on an ongoing basis will be made only by specifying the amount to be invested and not the number of Units to be subscribed. The total number of Units allotted will be determined with reference to the applicable sale price and fractional Units may be created. Fractional Units will be computed and accounted for up to three decimal places for all Scheme. Fractional Units will in no way affect the investor's ability to redeem Units. The AMC reserves the right to review the terms of acceptance of subscription requests and reserves the right to change the basis for subscription from amount basis to any other basis, subject to the SEBI Regulations. Refer Section III.8 v) on 'Suspension of Sale / Repurchase / Switch of Units.'

ii) Repurchase (Redemption) of Units

The repurchase request can be made on a pre-printed form or by such other method(s) as may be acceptable to the Fund / AMC from time to time. Such request should be submitted at any of the Investor Service Centres / Designated Collection Centres.

The repurchase would be permitted to the extent of credit balance in the Unitholder's account. The repurchase request can be made by specifying the rupee amount or the number of Units to be repurchased. Repurchase requests can be made for a minimum amount of Rs. 1000/- (Rupees One Thousand Only) and in multiples of Re. 1/- (Rupee One Only) thereafter in case of all the Schemes of the Fund. Where a request for a repurchase is for both amount and number of Units, the amount requested for repurchase will be considered as the definitive request.

If the balance in the Unitholder's account does not cover the amount of repurchase request, then the Mutual Fund is authorised to close the account of the Unitholder and send the entire such (lesser) balance to the Unitholder. In case an investor has purchased Units on more than 1 Business Day (either under the NFO or through subsequent purchases), the Units purchased prior in time (i.e. those Units which have been held for the longest period of time), will be deemed to have been redeemed first i.e. on a First-in-First-Out basis.

Unitholders may also request for redemption of their entire holding and close the account by indicating the same to the Fund / AMC. Where however, the Unitholder wishes to redeem Units for a specified amount, then the amount to be paid on redemption will be divided by the redemption price, and the resultant number of Units will be redeemed.

In case the Units are standing in the names of more than one Unitholder, where mode of holding is specified as 'Joint', redemption requests will have to be signed by ALL joint holders. However, in cases of holding specified

as ‘Anyone or Survivor’, any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. However, in all cases, the proceeds of the redemption will be paid to the first-named holder only. A fresh Account Statement / Transaction Confirmation will be sent to the redeeming investors, indicating the new balance to the credit in the Account.

The redemption cheque will be issued in favour of the Sole / First Unitholder’s registered name and bank account number, and will be mailed to the registered address of the Sole / First holder as indicated in the original Application Form. The Fund may also directly credit the investor’s bank account with the redemption proceeds, in lieu of issue of redemption cheque. All the redemption instruments will be issued as payable par. The bank charges for collection of cheques at all other places will be borne by the AMC.

Further, as Units may not be held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Mutual Fund may mandatorily redeem all the Units of any Unitholder where the Units are held by a Unitholder in breach of the same.

The Trustees may mandatorily redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete.

If a Unitholder makes a redemption request immediately after purchase of Units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by him (for purchase of Units) is realised and the proceeds have been credited to the concerned Scheme’s Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased Units may have to be redeemed to effect the full redemption.

iii) 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 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.

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 / Plans / Options, subject to the minimum balance, minimum application amount and subscription / redemption criteria applicable for the respective Scheme.

Valid requests for ‘switch out’ shall be treated as redemptions and for ‘switch in’ shall be treated as purchases, after considering any prevalent exit and entry loads or a combination thereof 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.

The switch-in and switch-out Scheme may be enabled by the Mutual Fund / AMC from time to time.

The AMC reserves the right to charge different (including zero) loads on Applicable NAV on switchover as compared to the sale/repurchase as the case may be.

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

C. PERIODIC DISCLOSURES

1. 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 first NAV of the Scheme will be declared within 5 business days of allotment. On an ongoing basis, NAVs will be calculated and disclosed on every Business Day. The Unit holders may obtain the information on NAV of the prescribed days by calling the office of the AMC or any of the Investor Service Centres or on the website of the AMC at www.assetmanagement.hsbc.co.in. Further, AMC has extended the facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request for the same. For detailed process of receiving the latest NAV through SMS, please visit http://www.assetmanagement.hsbc.co.in.

The AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) and the Fund's website (www.assetmanagement.hsbc.co.in)by 9.00 p.m. on every Business Day. However, the AMC will endeavour to update the NAVs on the above websites daily by 9:00 p.m. on every Business Day, in case of any delay, the reasons for such delay would be explained to AMFI by the next day. 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 providing reasons and explaining when the Fund would be able to publish the NAVs. The NAVs will be determined on every Business Day except under special circumstances specified in this SID.

2. Portfolio Disclosure

The AMC shall disclose portfolio (along with ISIN) as on the last day of the month / half-year for all their schemes on its website and on the website of AMFI within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format.

In case of unitholders whose e-mail addresses are registered, the AMC shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.

The AMC shall publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on its website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

Half yearly Disclosures: Financial Results

The Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on AMC's website, containing details as specified in Twelfth Schedule of the Regulations and such other details as are necessary for the purpose of providing a true and fair view of the operations of the Fund. The Fund shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Fund is situated.

3. Annual Report

A Scheme wise Annual Report/abridged summary thereof shall be provided to all Unitholders as soon as may be but not later than 4 months from 31 March of each year. The abridged/ full Scheme wise Annual Report shall contain such details as are required under the Regulations/ Circulars issued thereafter.

The Fund shall provide the Scheme wise annual report/abridged summary thereof as under:

(i) By hosting the same on the websites of the AMC and AMFI;

(ii) The physical copy of the scheme wise annual report/abridged summary thereof shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.

(iii) By e-mailing the same to those Unit holders' whose e-mail address is registered with the Fund.

Unit holders are therefore requested to update their email address with the Fund to receive annual reports through email.

The AMC shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on its website and on the website of AMFI. Such advertisement shall be published in the all India edition of at least two

daily newspapers, one each in English and Hindi. Further, AMC shall provide modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof.

4. Associate Transactions

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

5. 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.

Particulars	**Investors**	**Mutual Fund**
Dividend Distribution Tax Equity Oriented Fund	Nil	**Equity Oriented Fund :** 10% **$
Capital Gain Tax Equity Oriented Fund:		
1) Long Term	10%** #	Nil (Payment to NRI and Non Domestic company/Foreign company is subject to withholding tax @10%**)
2) Short Term	15%**	Nil (Payment to NRI and Non Domestic company/Foreign company is subject to withholding tax @15%**@)

Aggregate long term capital gains exceeding one lakh rupees in a financial year, arising from the transfer of units of an equity oriented fund, equity shares and units of business trust are chargeable to tax @10%.

** The above rates needs to be increased by applicable surcharge and health & education cess.

$ The rates needs to be applied on gross up basis.

@ Also, non- resident investors may be eligible for treaty benefit depending upon the facts of the case. The same has not been captured above.

The Scheme 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.

For further details on taxation, Investors are requested to refer to the section on Taxation in the Statement of Additional Information (SAI).

6. Investor Services

The Fund will follow-up with the Investor Service Centres and the Registrar on complaints and enquiries received from investors with an endeavour to resolve them promptly. For this purpose, Ms. Rheitu Bansal is currently designated as the Investor Relations Officer. Her contact details are as follows:

16, Veer Nariman Road, Fort, Mumbai 400 001.
Tel. : 1800 200 2434
Fax : 022-49146254

E-mail: hsbcmf@camsonline.com

D. COMPUTATION OF NAV

The NAV of Units under the Scheme / Plan(s) / Option(s) shall be calculated as shown below:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments (+) Current Assets (-) Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

The first NAV will be calculated and announced not later than 5 business days from the date of allotment. Subsequently, the NAVs of the Scheme / Plan(s) / Option(s) (including Direct Plans) will be calculated and disclosed as of the close of every Business Day. The NAVs of the Scheme shall be disclosed up to 4 decimal places. The valuation of the Scheme' assets and calculation of the Scheme' NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

The AMC shall declare a separate NAV for the Direct Plan.

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.

Policy on computation of NAV in case of investment in foreign securities

In case of investment in listed foreign securities by schemes other than FOF schemes, the last available traded price on recognized stock exchange at around 6 p.m IST on the valuation date will be considered for valuation of that security. In case of non-availability of price for a period upto or less than 30 days the AMC shall fair value such securities supported by quotes from brokers / market makers, wherever possible.

SECTION IV - FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme / Plan(s) / Option(s). The information provided under this Section seeks to assist the investor in understanding the expense structure of the Scheme / Plan(s) / Option(s) and types of different fees / expenses and the percentage the investor is likely to incur on purchasing and selling the Units of the respective Plan(s) under the Scheme / Plan(s) / Option(s).

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 NFO expenses of HSBC Large and Mid Cap Equity Fund shall be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Schemes. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc.

The total recurring expenses of the Scheme shall be as per the limits prescribed under sub-regulation 6 and 6A of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed there under.

Currently*, as per the Regulation 52(6), the maximum recurring expenses (TER) that can be charged to the Scheme shall be subject to a percentage limit of daily average net assets in the table below:

First Rs. 100 crore	**Next Rs. 300 crore**	**Next Rs. 300 crore**	**Balance**
2.50%	2.25%	2.00%	1.75%

*Pursuant to SEBI (Mutual Funds) (Fourth Amendment) Regulations, 2018 notified on December 13, 2018, effective from 1st April 2019, the maximum recurring expenses (TER) that can be charged to the Scheme shall be subject to a percentage limit of daily average net assets in the table below:

First Rs. 500 crores	**Next Rs. 250 crores**	**Next Rs. 1,250 crores**	**Next Rs. 3,000 crores**	**Next Rs. 5,000 crores**	**Next Rs. 40,000**	**Balance**
2.25%	2.00%	1.75%	1.60%	1.50%	TER reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof	1.05%

Further, as per current Regulation 52 (6A), the additional recurring expenses that can be charged to Scheme shall be subject to a percentage limit of daily average net assets as specified below:

Regulation 52 (6A) (a)	Brokerage and transaction costs (inclusive of GST) which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions; Any payment towards brokerage and transaction cost, over and above the said 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996.

Regulation 52 (6A) (b)	Expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from beyond Top 30 cities (B- 30**) are at least - (i) 30 per cent of gross new inflows in the scheme, or; (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher. Provided that if inflows from such cities are less than the higher of (i) or (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis. Inflows from corporates and institutions from B-30 cities will not be considered for computing the inflows from B-30 cities for the purpose of additional TER of 30 basis points. Provided further that, expenses so charged shall be utilised for distribution expenses incurred for bringing inflows from beyond Top 30 cities. Provided further that amount incurred as expense on count of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment. ** Beyond Top 30 (B30) cities shall mean beyond top 30 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography - Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year
Regulation 52 (6A) (c)	Additional recurring expenses of upto 0.05% of daily net assets of the scheme towards the investment and advisory fees or various other permissible expenses. However, in accordance with SEBI circular SEBI/HO/IMD/DF2/CIR/P/ 2018/15 dated February 2, 2018, AMC shall not charge any additional expense of upto 0.05% as per Regulation 52(6A) (c), if exit load is not being levied under the Scheme. Accordingly, upon levy or introduction of exit load under the Scheme, the additional expenses upto 0.05% under Regulation 52 (6A) (c) shall be levied, and upon removal of exit load under the Scheme, additional expense upto 0.05% under Regulation 52 (6A) (c) shall be discontinued in compliance with provisions of SEBI circular SEBI/HO/IMD/DF2/CIR/P/2018/15 dated February 2, 2018.

The AMC has estimated the following maximum expenses of the Scheme. Please refer to the table below for indicative details.

Particulars	**On first Rs. 100 Crore of the daily net assets (Applicable till March 31, 2019)** **% of Net Assets**	**On first Rs. 500 Crore of the daily net assets (Applicable wef April 01, 2019)** **% of Net Assets**
Investment Management and Advisory Fees ~	Upto 2.50%	Upto 2.25%
Trustee fee		
Audit fees		
Custodian fees		
RTA Fees		
Marketing & Selling expense including agent commission		
Cost related to investor communications		
Cost of fund transfer from location to location		
Cost of providing account statements and dividend redemption cheques and warrants		
Costs of statutory Advertisements		
Cost towards investor education & awareness (at least 2 bps)		
Brokerage & transaction cost (inclusive of GST) over and above 12 bps and 5 bps for cash and derivative market trades, respectively#		
GST on expenses other than investment management and advisory fees		
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)	Upto 2.50%	Upto 2.25%
Additional expenses under regulation 52 (6A) (c)	Upto 0.05%	Upto 0.05%
Additional expenses for gross new inflows from specified cities under regulation 52(6A)(b)	Upto 0.30%	Upto 0.30%

The AMC may charge the following costs and expenses in addition to the total recurring expense limits as prescribed in the table above:

(a) Brokerage and transaction costs (inclusive of GST) which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions; Any payment towards brokerage and transaction cost, over and above the said 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (Mutual Funds) Regulations, 1996;

(b) GST on investment management and advisory fees.

The expenses of the Direct Plan will be lower than that of Regular Plan of the Scheme. No commission or distribution expenses will be charged under the Direct Plan.

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 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. Any other expenses which are directly attributable to the Scheme, 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 AMC reserves the right to vary the expense ratios charged to the Scheme, at such frequencies as the AMC may decide, subject to the maximum SEBI permissible limits. The AMC would update the current expense ratios on the website at least three working days prior to the effective date of the change. This information is available on AMC's website at www.assetmanagement.hsbc.co.in.

An illustration of the impact of expense ratio on scheme's investments is also provided below for reference.

Collections at Day Zero		A	100,000,000
Purchase Price per unit		B	10
Units allotted to domestic investors	A / B	C	10,000,000.00
Amount invested		D	100,000,000
Yield on investment		E	6%
Expense ratio		F	1.65%
AUM after one month			
AUM including Yield	(D*E))/12 +D	G	100,500,000
Expenses (for one month) (INR) - approximated at average of opening and closing AUM	((A+G)/2) * F)/12	H	137,844
AUM after one month	G-H	I	100,362,156
NAV per unit	I/C	J	10.0362
Annualized returns (Pre Expenses) %	(G-D)/ D*100*12	K	6.00

Annualized returns (Post Expenses) %	(I-D)/ D *100*12	L	4.35

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 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.

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

C. GOODS AND SERVICE TAX

Goods and Service tax ("GST") on investment and advisory fees shall be charged to the Scheme in addition to the maximum limit of total recurring expenses as permitted under regulation 52 (6) and 52 (6A) of the Regulations. GST on any other fees / expenses shall be borne by the Scheme within the overall limit of the TER. GST shall be levied on the Investment Management & Advisory Fee at the then prevailing GST rate, as per the Taxation Laws in force.

GST on exit load, if any, shall be paid out of exit load proceeds and exit load net of GST, if any, shall be credited to the Scheme. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limits prescribed under Regulation 52 of SEBI (Mutual Funds) Regulations.

D. LOAD STRUCTURE

Load is an amount which is paid by the investor 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.co.in or may call at ISC or your distributor.

As per SEBI circular dated 30 June 2009, no entry load will be charged for purchase/additional purchase/switch-in including registrations for HSBC SIP/HSBC STP, accepted by the Fund, with effect from August 01, 2009.

Repurchases could attract an exit load (as a % of the Applicable NAV for redemptions). Unitholders should note that the AMC retains the right to change exit load as per the provisions below:

The repurchase price however, will not be lower than 93% of the NAV and the sales price will not be higher than 107% of the NAV, provided that the difference between the repurchase price and the sales 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 sales price.

Load Structure (Including SIP / STP / SWP, wherever applicable) for Scheme / Plans:

Entry Load: Nil*

Exit Load:

(i) Any redemption / switch-out of units within 1 year from the date of allotment shall be subject to 1% exit load.

(ii) No Exit Load will be charged, if units are redeemed/switched-out after 1 year from the date of allotment.

The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.

** 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.*

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 facilities such as HSBC SIP, HSBC SEP and HSBC STP, etc. offered by the AMC.

The exit load charged, if any, will be credited to the schemes. Goods & Service Tax (GST) on exit load, if any, will be paid out of the exit load proceeds and exit load net of GST, if any, will be credited to the scheme.

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 Trustees reserve the right to modify / alter the load structure and may decide to introduce a differential load structure on the Units redeemed on any Business Day. 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 SID and Key Information Memorandum. The addendum will be circulated to all the distributors / brokers so that the same can be attached to all the SIDs and Key Information Memorandum already in stock.

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

(iii) The introduction of the Exit Load alongwith 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 fund may feel necessary.

Methodology for calculation of Sale and Repurchase Price of units

Sale Price

*Sale Price = Applicable NAV * (1 + Entry Load, if any)*

Example

If the Applicable NAV is Rs.15 and the sales load, if applicable is 2%, the sales price is calculated as follows:

*Sales Price = 15 * (1+ 0.02)*

*= 15 * 1.02*

= 15.30

However, as stated above, in accordance with SEBI circular dated 30 June 2009, no entry load will be charged for purchase/additional purchase/switch-in including registrations for HSBC SIP / HSBC STP, accepted by the Fund, with effect from August 01, 2009.

Repurchase Price

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

Example

If the Applicable NAV is Rs.15 and the exit load applicable is 0.5%, the repurchase price is calculated as follows:

*Repurchase Price = 15 * (1 - 0.005)*

*= 15 * 0.995*

= 14.925

E. DEDUCTION OF TRANSACTION CHARGE FOR INVESTMENTS THROUGH DISTRIBUTORS / AGENTS

SEBI has vide its Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011 allowed Mutual Funds to deduct following transaction charge on per subscription of Rs. 10,000 and above, where such subscriptions are received through distributors / agents based on the type of product opted-in to receive the transaction charges. As per SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, with effect from November 01, 2012 the distributors shall also have the option to opt in or opt out of levying transactions charges based on the type of product.

Accordingly, transaction charges as follows will be deducted by the Fund, from the subscription received from investors and paid to distributors/agents who have opted to receive the transaction charge:

(i) First Time Investor in Mutual Fund (across all Mutual Funds)

Transaction charge of Rs. 150/- per subscription of Rs. 10,000 and above will be deducted from the subscription amount and paid to the distributor / agent of the first time investor and the balance shall be invested in the relevant scheme opted by the investor.

(ii) Existing Investor in Mutual Fund

Transaction charge of Rs. 100/- per subscription of Rs.10,000 and above will be deducted by the Fund from the subscription amount and paid to the distributor/agent of the investor and the balance shall be invested in the relevant scheme opted by the investor.

However, transaction charges in case of investments through SIP under (i) and (ii) above shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/- or more. The transaction charge shall be deducted in 4 equal installments, starting from the 2nd installment to the 5th installment.

(iii) Transaction charges shall not be deducted for

(a) Purchases / subscriptions for an amount less than Rs. 10,000;

(b) Transactions other than purchases / subscriptions relating to new inflows such as Switch / STP / SWP etc.;

(c) Purchases / subscriptions made directly with the Fund without any ARN code i.e. not through any distributor /agent.

(d) Purchases/subscriptions carried out through the Stock Exchange Platform.

The statement of account to unit holders will clearly provide details of the net investments as gross subscription amount less transaction charge and the number of units allotted against the net investment.

F. Waiver of load for Direct Application

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.

However, as per Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 issued by SEBI, investors will have an option to purchase/subscribe units directly with the Fund under a separate Plan available for direct investments, i.e. investments not routed through the Distributors, referred as “Direct Plan”. Purchase/subscription applications routed through distributor will not be eligible for investment under Direct Plan. All the features of the Direct Plan like the investment objective, asset allocation pattern, investment strategy, risk factors, facilities offered, load structure etc. will be the same except for a lower expense ratio. If the Distributor Code in the application form is incorrect/not mentioned or Distributor code is mentioned but ‘Direct Plan’ also indicated in the form, the application will be processed under the Direct Plan.

SECTION V - RIGHTS OF UNITHOLDERS

For details of Rights of Unitholders, please refer Statement of Additional Information (SAI)

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

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 shareholders 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.*

   a. 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 shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law, during the last three years:

      Penalty imposed by Exchanges on HSCI during the period April 01, 2015 - March 31, 2018 excluding the penalties imposed by the Exchanges in the ordinary course of business :-

Exchange	**Reason**	**Date**	**Penalty imposed and paid (Rs.)**
NSE	Fine levied for non-uploading of CTCL details in ENIT	Aug-17	100
BSE	Fine levied in respect of non - submission of Client funding Report	Jul-17	1000
NSE	Fine levied in respect of Client Registration document delivered to client after due date	Mar-17	1000
BSE	Late Reporting of Change in Designated Director	Jan-17	1000
NSE	Late Reporting of Change in Designated Director	Oct-16	1000
BSE	Fine levied in respect of Post facto approval for change in Designated Director	Mar-16	5,725

   b. For irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law.

      Against the SEBI Order dated April 23, 2010, two appeals were filed by the AMC with the Securities Appellate Tribunal (SAT) by certain aggrieved investors of HSBC Gilt Fund. The SAT issued Order dated May 03, 2011 and July 5, 2012 to the Mutual Fund, Trustees of the Mutual Fund, AMC and CEO of the AMC pertaining to the change effected in modified duration in HSBC Gilt Fund during January 2009. The SAT

held that the changes brought about in the scheme altered the fundamental attributes of the same affecting the interest of unitholders. SAT therefore directed the AMC and related parties to comply with regulation 18(15A) of the SEBI Regulations and provide an exit option to the appellants of the case. An appeal was filed by the AMC against these Orders before the Supreme Court. The Supreme Court vide its Order dated January 15, 2014 upheld the Order of SAT and dismissed the appeal filed by the AMC. The AMC has complied with the Order of the Supreme Court read with the SAT Order.

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.*

   SEBI has issued a letter to HSCI dated April 11, 2017 in connection with inspection of books and records of its Merchant Banking activities conducted in January 2016. In terms of letter, SEBI has issued an administrative warning in regard to record keeping of one transaction. Further, it also informed HSCI of initiation of adjudication proceedings under SEBI Act, 1992, in connection with one of the open offer transaction managed by them. HSCI is awaiting further details from SEBI.

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.*

   An Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF. Against the demand an appeal was fi led by the Appellant with the first Appellate Authority [CIT(A)] who granted part relief to the Appellant. Against the order granting part relief, the Appellant as well as the Income-Tax Department has filed an appeal before second Appellate Authority [Income-tax Appellate Tribunal (ITAT)].

   Similar to AY 2009-2010, HSBC MF has received a demand notice from the Income Tax Authorities for the A.Y. 2010-2011 for Rs. 6.95 crores. The Appellate had filed an appeal with the CIT(A) who disposed of the same by passing an order granting part relief on similar lines of AY 2009-2010. The Appellant filed an appeal before the ITAT against the CIT(A) order.

   Similar to the above, the assessment for the A.Y. 2007-2008 has also been reopened by the Income Tax Authorities and demand has been made of Rs. 2.04 Crores on the trust sponsored by IL&FS Trust Company Ltd. The Appellant fi led an appeal with CIT(A) who gave a part relief. The Appellant then filed an appeal before ITAT against the CIT(A) order. It is to be noted that HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

   The Income Tax Appellate Tribunal has decided the matter in favour of the Appellant vide order dated February 17, 2017.

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 SID, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

Notes: Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of this SID shall prevail over those specified in this SID.

The Board of Directors of HSBC Asset Management (India) Private Limited and Trustees of HSBC Mutual Fund have approved the Scheme Information Document vide resolution dated January 17, 2019 and January 23, 2019 respectively

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

Sd/-

Sumesh Kumar
Compliance Officer

Place: Mumbai
Date: _____, 2019

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