HSBC MUTUAL FUND

<u>Notice-cum-Addendum to the Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of HSBC Ultra Short Duration Fund, HSBC Low Duration Fund, HSBC Short Duration Fund, HSBC Medium Duration Fund, HSBC Medium to Long Duration Fund, HSBC Dynamic Bond Fund, HSBC Banking and PSU Debt Fund and HSBC Corporate Bond Fund of HSBC Mutual Fund ("the Fund")</u>

CATEGORIZATION AND RATIONALIZATION OF THE AFORESAID SCHEMES OF HSBC MUTUAL FUND

NOTICE is hereby given that pursuant to Part IV of Chapter 3 of SEBI Master Circular on Mutual Funds dated March 20, 2026 (SEBI circular), on Categorization and Rationalization of Mutual Fund Scheme, following modifications in certain features of the aforesaid schemes are applicable with effect from **August 26, 2026 (Effective Date)**. Further, Investors are requested to note that the said changes will not be considered as change in fundamental attribute of the aforesaid schemes in accordance with the above SEBI circular. Investors are requested to note the following changes to the provisions of the schemes of the Fund:

A. Change in the name, category and type of Scheme(s):

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Ultra Short Duration Fund**	**HSBC Ultra Short Term Fund**
2.	Category of the Scheme	Ultra Short Duration Fund	Ultra Short Term Fund
3.	Type of Scheme	An Open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months (please refer to page no. 11 of SID for explanation on Macaulay's Duration). Relatively low interest rate risk and moderate credit risk.	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months. Relatively Low interest rate risk and moderate credit risk.

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Low Duration Fund**	**HSBC Ultra Short to Short Term Fund**
2.	Category of the Scheme	Low Duration Fund	Ultra Short to Short Term Fund
3.	Type of Scheme	An open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. (Please refer page 11 of the SID for explanation on Macaulay Duration). A relatively low interest rate risk and relatively low credit risk.	An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively low interest rate risk and moderate credit risk.

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Short Duration Fund**	**HSBC Short Term Fund**
2.	Category of the Scheme	Short Duration Fund	Short Term Fund
3.	Type of Scheme	An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years (please refer to page no. 11 of SID for details on Macaulay's Duration). A Moderate interest rate risk and Relatively Low Credit Risk	An open ended short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 1 year to 3 years. A Moderate interest rate risk and Relatively Low credit risk.

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Medium Duration Fund**	**HSBC Medium Term Fund**
2.	Category of the Scheme	Medium Duration Fund	Medium Term Fund
3.	Type of Scheme	An open-ended medium-term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (please refer to page no. 12 in the SID for details on Macaulay's Duration). Relatively high interest rate risk and moderate credit risk.	An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. Relatively high interest rate risk and moderate credit risk.

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Medium to Long Duration Fund**	**HSBC Medium to Long Term Fund**
2.	Category of the Scheme	Medium to Long Duration Fund	Medium to Long Term Fund
3.	Type of Scheme	An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. (Please refer Page No. 11 of SID for explanation on Macaulay's duration). Relatively High interest rate risk and relatively Low credit risk.	An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Relatively High interest rate risk and relatively Low credit risk.

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Name of the Scheme	**HSBC Dynamic Bond Fund**	**HSBC Dynamic Term Fund**
2.	Category of the Scheme	Dynamic Bond Fund	Dynamic Term Fund

B. Changes in the features of HSBC Banking and PSU Debt Fund

Sr. No.	Particulars	Existing provisions	Revised provision
1.	Category of the Scheme	Banking and PSU Fund	Banking and PSU Debt Fund
2.	Type of Scheme	An open ended debt scheme primarily investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.	An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds. A relatively high interest rate risk and relatively low credit risk
3.	How will the scheme allocate its assets?	Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:	

Existing Asset Allocation			Revised Asset Allocation		
Instruments	**Indicative allocations (% of total assets)**		**Instruments**	**Indicative allocations (% of total assets)**	
	Minimum	**Maximum**		**Minimum**	**Maximum**
Debt and money market instruments / securities issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions	80	100	Debt and money market instruments / securities issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions	80	100

Sr. No.	Particulars	Existing provisions			Revised provision		
		(PFIs) and Municipal Bonds			(PFIs) and Municipal Bonds		
		Debt and money market instruments / securities issued by other entities	0	20	Debt and money market instruments / securities issued by other entities	0	20
					Units issued by InvITs	0	10
	Extract of para below asset allocation pattern, (where changes made)	The cumulative gross exposure through debt, derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, and such other securities/assets as may be permitted by SEBI from time to time, subject to approval, if any, shall not exceed 100% of the net assets of the Scheme.			The cumulative gross exposure through debt, derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, units of InvITs and such other securities/assets as may be permitted by SEBI from time to time, subject to approval, if any, shall not exceed 100% of the net assets of the Scheme.		

4. **Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars) – (Extract of the section, wherever changes applicable):**

Sr. No.	Type of Instrument	Percentage of exposure (% of net assets)	Circular references / clause references of SEBI Master Circular on Mutual Funds dated June 27, 2024	Type of Instrument	Percentage of exposure (% of net assets)	Circular references / clause references of SEBI Master Circular on Mutual Funds dated March 20, 2026
5.	InvITS	Not Permissible	Clause 12.21	InvITs	Permissible upto 10%	Clause 13.13

C. Changes in the features of HSBC Corporate Bond Fund

Sr. No.	Particulars	Existing provisions			Revised provision		
1.	**How will the scheme allocate its assets?**	Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:					
		Existing Asset Allocation			**Revised Asset Allocation**		
		Instruments	**Indicative allocations (% of total assets)**		**Instruments**	**Indicative allocations (% of total assets)**	
			Minimum	**Maximum**		**Minimum**	**Maximum**
		AA+ and above rated corporate debt instruments including TREPS	80	100	AA+ and above rated corporate debt instruments including TREPS	80	100
		Debt and Money market instruments other than above	0	20	Debt and Money market instruments other than above	0	20
					Units issued by InvITs	0	10
	Extract of para below asset allocation pattern,	The cumulative gross exposure through debt, derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, and such other securities/assets as may be			The cumulative gross exposure through debt, derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, units of InvITs and such other securities/assets as may be permitted		

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="3">Existing provisions</th><th colspan="3">Revised provision</th></tr>
<tr><td></td><td>(where changes made)</td><td colspan="3">permitted by SEBI from time to time, subject to approval, if any, shall not exceed 100% of the net assets of the Scheme.</td><td colspan="3">by SEBI from time to time, subject to approval, if any, shall not exceed 100% of the net assets of the Scheme.</td></tr>
<tr><td colspan="8"></td></tr>
<tr><td rowspan="3">2.</td><td colspan="7">Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars) – (Extract of the section, wherever changes applicable):</td></tr>
<tr><td>Sr. No.</td><td>Type of Instrument</td><td>Percentage of exposure (% of net assets)</td><td>Circular references / clause references of SEBI Master Circular on Mutual Funds dated June 27, 2024</td><td>Type of Instrument</td><td>Percentage of exposure (% of net assets)</td><td>Circular references / clause references of SEBI Master Circular on Mutual Funds dated March 20, 2026</td></tr>
<tr><td>5.</td><td>InvITS</td><td>Not Permissible</td><td>Clause 12.21</td><td>InvITs</td><td>Permissible upto 10%</td><td>Clause 13.13</td></tr>
</table>

D. Following provisions shall be added in the relevant sections of SID/ KIM of HSBC Banking and PSU Debt Fund and HSBC Corporate Bond Fund:

1. Risk Factors (associated with investing in InvITs):

- **Market Risk:** InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to the market conditions and factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.
- **Liquidity Risk:** As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc., the time taken by the Mutual Fund for liquidating the investments in the scheme may be long in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. As these products are new to the market they are likely to be exposed to liquidity risk.
- **Reinvestment Risk:** Investments in InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, interest payments etc. Depending upon the market conditions, interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. As a result, the proceeds may get invested at a lower rate.
- **Credit Risk:** InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be prescheduled.
- **Regulatory/Legal Risk:** InvITs being new asset class, regulatory guidelines may be evolving in nature which may impact the investments in InvITs.

2. What are the investment restrictions? (related to investments in InvITs)

The Scheme may invest in the units of InvITs subject to the following:

a) No mutual fund under all its schemes shall own more than 10% of units issued by a single issuer of InvIT; and

b) A mutual fund scheme shall not invest –

i. more than 10% of its NAV in the units of InvIT; and

ii. more than 5% of its NAV in the units of InvIT issued by a single issuer.

Provided that the limits mentioned in sub-clauses (i) and (ii) above shall not be applicable for investments in case of index fund or sector or industry specific scheme pertaining to InvIT.

Investors are advised that, following the above changes to the schemes, corresponding updates will be made to the relevant sections of the SID/KIM (as applicable), including nomenclature, where will the scheme invest, investment strategy, investment restrictions, product labelling, risk factors, risk mitigation strategies and other related disclosures.

In view of the above, relevant change will be carried out in the SID and KIM of the aforesaid Schemes. All the other terms and conditions of the SID and KIM of the aforesaid Schemes will remain unchanged.

This notice-cum-addendum forms an integral part of the SID and KIM of the aforesaid Schemes.

For & on behalf of

HSBC Asset Management (India) Private Limited

(Investment Manager to HSBC Mutual Fund)

Sd/-

Authorised Signatory

Place: Mumbai

Date: August 21, 2026

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

HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India. Email: investor.line@mutualfunds.hsbc.co.in | Website: www.assetmanagement.hsbc.co.in Issued by HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220